

8/31/78

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Moore to Pres. Carter, w/attachments 13 pp., re:SALT <i>opened per RAC NLC-126-14-12-1-2, 6/12/13</i>	8/30/78	A
Memo	Brzezinski to Pres. Carter, w/attachments 4 pp., re:Defense Budget <i>opened per RAC NLC-126-14-12-1-2 6/12/13</i> <i>NLC-126-14-12-2-1</i>	8/24/78	A
Memo	Henry Owen to Pres. Carter, w/attachments 3 pp., re:Trade <i>1 p. declassified per RAC NLC-126-14-12-2-1, 6/12/13</i>	8/30/78	A
Memo	Charles Schultze to Pres. Carter, w/attachments 7 pp., re:Economic Outlook <i>Open 10/29/96</i>	8/30/78	A
Letter	Mrs. Frances L. Donnelly to Pres. Carter, w/attachments 6 pp., re:Personal matter	8/19/78	C

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential
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RESTRICTION CODES

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Revised:
8/30/78
2:45 p.m.

THE PRESIDENT'S SCHEDULE
Thursday - August 31, 1978

7:30 a.m.	Dr. Brzezinski - The Oval Office
8:00 a.m.	Frank Moore - The Oval Office
10:30 a.m. (20 min.)	Meeting with Governors (Anne Wexler) The Cabinet Room
11:00 a.m.	Jody Powell - The Oval Office
4:15 p.m. (20 min.)	Meeting with Gas User Representatives (Anne Wexler) - State Dining Room

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

Confidential

August 30, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*

Subject: Overview of Economic Developments and the Outlook

The pace of economic activity slowed in the past few months following the March-April makeup of winter production losses. Consumer prices continued to rise rapidly through June, but signs are emerging of the expected leveling out in food prices. In July and early August, financial markets were more tranquil and interest rates edged down a bit; short-term rates have recently risen once again, however, as a result of the Fed's latest tightening move in response to the foreign exchange situation.

Our current (revised) economic forecast (which will not be publicly announced) calls for slower growth than we had previously foreseen -- around a 3-1/2 percent annual rate for the rest of this year and 3 percent in 1979 (measured fourth quarter to fourth quarter). This may mean a slight rise in the unemployment rate, to about 6.3 percent in the second half of next year. There is, however, substantial uncertainty associated with the forecast of productivity growth and unemployment.

RECENT DEVELOPMENTS

The sharp burst of activity in the March-April period boosted second quarter GNP growth to an 8 percent annual rate. But within the second quarter the pace of activity slowed, and this more moderate pace is continuing into the current quarter.

- o Retail sales were virtually unchanged from May through July. New car sales in June and July declined moderately from an exceptionally rapid pace in April and May. In most other major categories, sales have been flat in current dollar terms and declining in real terms.

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CANCELLED PER E.O. 12356, SEC. 1.3 AND
ARCHIVIST'S MEMO OF MARCH 16, 1983"

- o Industrial production increased at a 6 percent annual rate in May, June, and July -- less than half as fast as in March and April. Output of consumer goods rose modestly in July after declining in May and June. Production of business equipment and construction supplies has remained fairly strong.
- o The unemployment rate bounced back to 6.2 percent in July, after a sharp decline in June. Apart from the June figure, which appears to be a statistical aberration, the unemployment rate has ranged between 6.1 and 6.3 percent since February. From May to July, total employment as measured in the household sample survey grew 0.3 percent, or only one-third as fast as from March to May. Employment growth at nonagricultural establishments has also slowed, although less than total employment in the household series.
- o Growth in personal income slowed in May and June -- following the pattern in aggregate hours worked -- but picked up in July due to (a) the July boost in social security benefits, (b) large increases in average hourly earnings in manufacturing, and (c) increased income of landlords, reflecting reductions in California after the July 1 effective date of Proposition 13 cuts.
- o Activity in one sector of the economy -- housing -- has been stronger than we had expected. Housing starts appear to have leveled out, but they are not yet showing the signs of downturn, in response to tightening financial markets, that we had anticipated.

Inflation

The inflation rate remains disturbingly high. Indications of improvement in the food price situation are emerging, as we had expected, but price increases elsewhere -- though less dramatic -- remain worrisome.

Prices of consumer foods declined 0.3 percent at the wholesale level in July, and were stable at the retail level. Beef and pork prices declined at the consumer level in July.

The stability of consumer food prices in July followed six months of increases at a rate of more than one percent per month.

Prospects are favorable for relatively stable food prices in the months immediately ahead. Meat prices, the major contributor to the food price increases this year, decreased 3 percent at the farm level in July. Fat cattle prices have declined from the early June high of \$62 per hundredweight and recently stabilized near \$52. Hog prices have also stabilized at around \$50, while prices of broilers have declined throughout August.

The outlook now is for large grain crop harvests this year. Record crops of both corn and soybeans are forecast. Crop prices have already begun to move lower in anticipation of the large harvests, and should continue to decline through the harvest season. Lower feed prices should be an inducement for expanded production of both pork and chicken later this year and prices should decline somewhat more.

Vegetable supplies, limited early in the year by bad weather, are again more plentiful and a large summer crop is becoming available. Prices should soon begin to reflect the larger supplies.

Outside of food, price behavior has not been encouraging. At the wholesale level, price increases for finished goods have accelerated in the past six months. (See Table 1.)

These wholesale price increases are being passed on to the consumer. Consumer prices, other than food, rose at a seasonally adjusted annual rate of 8.5 percent in July. This is about the same rate as in the first half of the year, but it is substantially faster than last year. With rising costs passing through to prices, corporate profits have been about in step with the rise in nominal GNP, advancing at an 11 percent rate over the past four quarters.

Financial Markets

The slower pace of economic expansion in the latter part of the second quarter was paralleled by slower growth in the monetary aggregates. Following an April-May surge, M₁ (narrowly defined money supply) grew at an annual rate of 6.0 percent in June and 5.6 percent in July; this is within the Federal Reserve's target growth range of 4 to 6-1/2 percent for M₁.

Table 1. Producer Prices and Hourly Earnings

annual rate of increase (percent) for three months ending:						
	<u>April '77</u>	<u>July '77</u>	<u>Oct. '77</u>	<u>Jan. '78</u>	<u>April '78</u>	<u>July '78</u>
<u>Finished goods prices</u>						
Total	10.5	4.3	4.7	7.6	11.9	8.2
Consumer	12.3	3.2	2.9	7.7	13.9	7.8
Consumer, ex-food	8.6	4.5	5.2	5.4	8.4	9.4
Capital equipment	6.4	6.3	9.9	7.4	7.0	9.1
<u>Crude materials prices,</u> <u>ex-food</u>	38.8	-14.4	-0.8	24.8	14.5	18.9
<u>Average hourly earnings index</u>						
Total	6.4	8.2	7.9	9.8	8.0	6.8
Manufacturing	7.1	10.0	8.0	8.4	7.4	8.1
Construction (high wage sector)	3.0	4.0	5.5	6.8	6.4	10.7
Trade (low wage sector)	8.4	6.8	6.4	13.3	9.6	6.3

Commensurately, there was a pause in the Fed's upward pressure on short-term interest rates. The Federal funds rate was raised by the Federal Reserve from 6-3/4 percent in January to 7-3/4 percent in June, but then it hovered just under 8 percent through July and early August. Short-term market rates declined slightly during this period. Market participants interpreted this and other Fed statements and actions as an indication that interest rates might be near a cyclical peak. Long-term interest rates then began to decline rather sharply.

Following the FOMC meeting on August 15, however, the Federal funds rate was raised -- recently, the rate has been 8-1/8 to 8-1/4 percent -- and the discount rate was increased from 7-1/4 to 7-3/4 percent, partly in response to the foreign exchange problem. As a result, interest rates have begun moving up again.

A particularly important development since the beginning of June is the introduction of a new "money market certificate" by commercial banks and thrift institutions, under new authority granted by the regulatory agencies. This certificate has a 6-month maturity, and can pay an interest rate competitive with that on 6-month Treasury bills. It gives the thrift institutions, in particular, an important new tool in competing for funds and appears to be very successful. If this successful performance continues, the supply of mortgage credit will not dry up, as it so often has in the past, and the chances of a sharp decline in residential construction will be reduced. Rising interest rates, however, would still serve as a gradually increasing deterrent to both residential and business fixed investment.

THE FORECAST

A revised forecast for output and employment was developed early this month by an interagency group under CEA leadership. It takes into account new and recently revised data. It calls for an increase in real GNP at a 3-1/4 to 3-1/2 percent annual rate during the second half of 1978 and a 3 percent rate during 1979. This is a significant downward revision from the 4 percent growth predicted for 1978 and 1979 in the Midyear Budget Review. The anticipated inflation rate has been revised upward by a substantial amount. The GNP deflator is expected to increase nearly 8 percent during 1978, and about 7-1/4 percent rate in 1979, when food prices should be adding less to inflation. (These estimates make no allowance for the effects of a strengthened anti-inflation program.)

The unemployment rate is expected to remain essentially unchanged from its current level of 6.2 percent over the next six quarters.

The downward revision in our forecast for real GNP growth this year and next stems principally from two sources:

- (1) The effects of inflation on consumer purchasing power; and
- (2) The incorporation of lower projections for Federal outlays due in large measure to a continuing shortfall from earlier OMB projections.

Consumer Purchasing Power

An acceleration of inflation that stems from an acceleration in wage rates does not reduce consumer real purchasing power since prices and wages move up together. But an important part of the recent inflation acceleration stems from factors which do reduce consumer purchasing power:

- o Dollar depreciation and rising import prices transfer income from domestic consumers to foreign producers.
- o Slower productivity growth has raised prices relative to wages.
- o Increasing food prices transfer income from consumers to farmers, and in the short run at least, farmers save a larger fraction of income than consumers.

Federal Spending

We have reduced our projections of Federal spending, based on new OMB projections. Federal expenditures are now assumed to be \$450 billion in FY 1978 and \$492 billion in FY 1979 (versus \$452 and \$498 for the two years respectively in our earlier forecast). We continue to assume a \$20 billion tax cut effective January 1 and enactment of a crude oil equalization tax or an equivalent import fee with rebate of the revenues.

Investment

We have also lowered somewhat our forecast of growth in business fixed investment, particularly for 1979. This downward revision partly reflects an expected reaction to

the moderating pace of consumer spending and partly a response to rising interest rates. The 5 percent growth now projected for 1979 remains fairly optimistic relative to other forecasters. Evidence from surveys of investment intentions is mixed, as are other indicators. For example, production of capital goods has continued to advance briskly, and contract awards for construction of commercial and industrial buildings have risen. But new orders for non-defense capital goods (excluding the volatile aircraft orders) have been relatively weak in recent months.

A few days ago (after the forecast was complete), we received from the Conference Board their estimate of capital appropriations by manufacturing firms for the second quarter of 1978. (Capital appropriations represent internal decisions by business firms on their capital spending plans.) The total fell 18 percent (not at an annual rate), as declines were registered in 12 of the 17 industries covered. While the series is quite erratic, and is not always an accurate predictor of future investment spending, the size of the decline is disturbing. Data on new orders for plant and equipment over the next few months, and the Department of Commerce survey on investment spending plans available in September, will give us better evidence on the investment outlook.

Unemployment

Our forecast for real GNP growth this year and next is consistent with an unemployment rate that stays relatively close to the present 6-1/4 percent level through the end of 1979. However, there are major uncertainties about changes in employment and unemployment, given the growth of GNP. If productivity growth should remain very slow, the unemployment rate might decline further -- even with a real growth rate of only 3 percent next year. But this would be bad for the inflation outlook. If productivity growth picked up significantly, unemployment might rise next year, but pressures on costs and prices would be less intense.

The economic outlook as we presently see it is not very encouraging. Inflation is unlikely to show any significant moderation outside the food area unless our anti-inflation program is strengthened. Economic growth is likely to be relatively slow, and there is a possibility that growth could taper off even more than we have allowed for. However, the risk that the economy might slide into a recession next year because of a sharp drop in housing activity has been reduced significantly by the new instruments that thrift institutions now have available to bid for funds to use in mortgage lending.

THE WHITE HOUSE
WASHINGTON

August 31, 1978

To Senator

Your vote on the natural gas conference report may be the most important decision you will make during the 95th Congress. The enclosed letter describes some of the specific effects of the natural gas bill, but I want to emphasize some overall national considerations.

I personally believe that both energy producers and natural gas consumers will be benefitted by this legislation, but far more is involved than just a carefully balanced compromise between the interests of producers & consumers. Our nation's international reputation

and economic well-being are at stake.

The ability of Congress to enact into law a national energy policy has become, in the eyes of many, a test of our nation's will.

There is no doubt that action on the natural gas bill will have a direct impact on our trade deficit, on the value of the dollar, and on the rate of inflation. The reduction of more than one million barrels per day in imported oil which will result from this bill nearly equals the saving from all the other energy legislation combined. These considerations are crucial.

I realize that this may be a difficult decision for you. The personal opinions and voting history of almost everyone has had

to be changed. I know that this has been true of myself and all the members of the Senate and House Conference Committees during the past 16 months.

The compromise proposal is not perfect, but it is the carefully crafted product of a sustained and sincere effort. It is highly unlikely that any new or replacement legislation can or will be evolved next year or in the near future if the Congress should reject this bill.

Our national interests are at stake. I urge you most sincerely to vote for the natural gas conference report.

Sincerely,

THE WHITE HOUSE

WASHINGTON

August 31, 1978

TO: The President

FROM: Dr. Schlesinger
Stu Eizenstat

RE: Natural gas

We have two comments on points that you made this morning:

1. The legislation will increase natural gas supplies 30% by 1985 in the inter-state market. This morning you indicated they would be nation-wide.
2. With regard to the FERC memo on enforcement, the FERC will be issuing final comments on the filed report sometime next week. To the DOE's knowledge, all of the principal concerns raised in the original memo have in fact been addressed in the final conference report. You may indicate that the DOE so believes. It would be inappropriate, however, to prejudge the FERC's final comments on this matter (an independent regulatory agency) prior to final issuance of their report. This matter of FERC independence is of special sensitivities to the opponents of the bill on the left.

THE WHITE HOUSE
WASHINGTON

8-31-78

To Jack Watson

Draft a letter from
me to Tahan re
setting up a Governor's
Committee on international
trade & other
foreign interests. Check
it out with Cy &
Jb. - then see me.

J. C.

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

5246

~~CONFIDENTIAL~~ GDS

August 30, 1978

25.
C

INFORMATION

MEMORANDUM FOR: THE PRESIDENT
FROM: HENRY OWEN ^{VS}
SUBJECT: July Trade Deficit and the Dollar

1. Attached at Tab A is a memo from Treasury bringing you up to date on what has been happening to the dollar and our trade deficit in the last few days.
2. The memo also reports that the Japanese Government will propose to a special session of the Diet a 2.5 trillion yen supplemental budget, which is what the Government believes is needed to get Japan's growth rate up to 7%. Although this budget falls short of the four trillion yen that we have felt was needed to justify activation of a US-Japanese swap, it is a very substantial stimulus (about 1% of GNP). A great deal will depend on composition of this stimulus: A hard 2.5 trillion package could be worth at least as much as a soft 4 trillion package; a soft 2.5 trillion package would be a very different situation. When we learn the composition of this stimulus (which should be decided at a cabinet meeting September 2), I will recommend whether a statement should be issued indicating your pleasure at Fukuda's fulfillment of his Summit commitment, similar to the statement we issued after the recent German cabinet decision on growth.

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BY KS NARA DATE 6/11/83

~~CONFIDENTIAL~~ GDS

~~CONFIDENTIAL~~

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THE WHITE HOUSE
WASHINGTON
August 31, 1978

Zbig Brzezinski

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Phil Wise

~~SECRET~~ ATTACHMENT

DECLASSIFIED
Per, Rac Project
ESDN; NLG-126-14-12-1-2
BY KS NARA DATE 6/11/13

THE WHITE HOUSE
WASHINGTON

8/31/78

Mr. President:

Harold Brown needs this meeting before he can go further on the FY80 Defense budget. The date suggested in the request falls on the weekend in the middle of the David summit.

If you don't care to meet then we could delay until after the summit or try for this sat. Sept. 2, Labor day Sept. 4 or possibly the morning of Sept. 5 before departure for Camp David.

Phil



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THE WHITE HOUSE
WASHINGTON

~~SECRET~~

SCHEDULE PROPOSAL

DATE: August 24, 1978

FROM: Zbigniew Brzezinski

VIA: Phil Wise

MEETING: Mid-term review of the Defense Budget

DATE: Saturday, September 9, 1978 or the Next Week

PURPOSE: To permit the President to review and provide guidance on major FY 80 Defense programs prior to completion of the DOD Budget, and to begin shaping a positive environment for SALT.

FORMAT:

- Cabinet Room
- The Vice President, Cabinet-level officers (see below), Ham Jordan and limited supporting staff members
- 2 hours

CABINET PARTICIPATION: Harold Brown, Zbigniew Brzezinski
James McIntyre

SPEECH MATERIAL: None. Point papers on key issues will be provided by the NSC Staff.

PRESS COVERAGE: A public affairs strategy will be developed that emphasizes interim Presidential decisions aimed at improving the climate for SALT.

STAFF: Zbigniew Brzezinski

RECOMMEND: Harold Brown

OPPOSED: n/a

PREVIOUS PARTICIPATION: Last September, the President approved joint NSC / DOD development of procedures to enable him to make a mid-term review of the Defense Budget. This review will permit the President to give consideration and guidance to DOD on major issues sufficiently early to avoid last-minute, disruptive changes in the Budget.

~~SECRET~~ - XGDS (B)(3)
(By authority: Z. Brzezinski)

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Per, Rac Project

ESDN; NLC-126-14-12-2-1

BY K2 NARA DATE 6/11/83

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~~SECRET~~

BACKGROUND:

Early Presidential program guidance on major Defense Budget issues is required in order to begin shaping the FY 80 Budget and the political environment to support SALT. Issues critical to our defense effort over the next decade that need to be addressed early and thoroughly include MX-MAP, manned bombers and cruise missiles.

Approve

☒

Disapprove

☐~~SECRET~~

8:30 PM

THE WHITE HOUSE

WASHINGTON

C

MEETING WITH SENATOR ROBERT BYRD

Thursday, August 31
8:30 p.m.
Oval Office

From: Frank Moore

F.M.

I. PURPOSE

To discuss the natural gas compromise.

II. PARTICIPANTS AND PRESS PLAN

- A. Participants: The President
Senator Robert Byrd
- B. Press Plan: White House photograph only

III. TALKING POINTS

1. Attached is a memorandum prepared by Secretary Vance's office concerning the SALT treaty-versus-agreement. Senator Byrd may bring this subject up. (Tab A)
2. Also attached (Tab B) is a list of Administration activities concerning natural gas. Dan Tate and I will be meeting with Senator Byrd as often as he wants--probably daily--when he returns next week. We will be keeping him up-to-date on the natural gas compromise.
3. I suggest that you be positive with Byrd and tell him of your total commitment. You should also let him know that you are leaving the Vice President in charge of coordinating the Administration activities on natural gas while you are at Camp David.
4. You should be highly complimentary of Senator Byrd. He has taken this on as a personal effort to again prove his leadership--this time without commitments from Baker or Long.

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IV. ADDITIONAL INFORMATION

Senator Byrd's flight (United #656) is scheduled to arrive at Washington National airport at 8:03 p.m. this evening.

His wife's name is Erma.

TAB A



DEPARTMENT OF STATE

Washington, D.C. 20520

August 30, 1978

~~SECRET~~

MEMORANDUM

TO: Frank Moore
Congressional Liaison
The White House

FROM: J. Brian Atwood, Acting *JA*
Assistant Secretary for
Congressional Relations

SUBJECT: Congressional Consultations on
Footnote to SALT Joint Draft Text

Senator Byrd's public complaint that he was not consulted on the SALT treaty-versus-agreement matter is not quite accurate. This office did contact Byrd's staff and he was indirectly consulted. Following is the background.

After Richard Perle advised us that he was aware of the footnote that had been added to the SALT Joint Draft Text (to the effect that use of the word "treaty" throughout the document does not prejudice the final form of the agreement), we asked Secretary Vance for authority to brief key Members on a confidential basis. We were obviously concerned that this might become public in the worst possible light. After talking to the President, Secretary Vance authorized us to proceed. The Members and/or staff who were contacted and their reactions are contained in the attached memorandum of August 11.

After asking for an appointment with Byrd and being told he was tied up with Senate business, we briefed Hoyt Purvis of his staff and requested that he bring this matter to Byrd's personal attention and get back with any comments. Purvis' report is contained in the attached memorandum.

~~SECRET~~
GDS

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Per, Rac Project
ESDN; NLG-126-14-12-12
BY *KS* NARA DATE *6/11/13*

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We were obviously surprised when Senator Byrd claimed he had not been consulted. He is undoubtedly reflecting annoyance that he was not consulted personally by the President or Secretary Vance. We purposely chose not to do this because we wanted to downplay the JDT footnote. Contact by principals would have appeared to contradict our pitch that we were simply protecting our options and that no final decision would be made without additional consultations with Congress.

Attachment - Memorandum of August 11

cc: White House - Dan Tait
- Bob Beckel

~~SECRET~~

JOHN C. STENNIS, MISS., CHAIRMAN

HENRY M. JACKSON, WASH.
HOWARD W. CANNON, NEV.
THOMAS J. MC INTYRE, N.J.
HARRY F. BYRD, JR., VA.
SAM NUNN, GA.
JOHN C. CULVER, IOWA
GARY HART, COLO.
DALE BUMPERS, ARK.
ROBERT MORGAN, N.C.
WENDELL R. ANDERSON, MINN.

JOHN TOWER, TEX.
STROM THURMOND, S.C.
BARRY GOLDWATER, ARIZ.
WILLIAM L. SCOTT, VA.
DEWEY F. BARTLETT, OKLA.
JESSE HELMS, N.C.
JAKE GARN, UTAH

~~SECRET~~
United States Senate

COMMITTEE ON ARMED SERVICES

WASHINGTON, D.C. 20510

FRANCIS J. SULLIVAN, STAFF DIRECTOR

August 11, 1978

Honorable Cyrus R. Vance
Secretary of State
Washington, D.C.

Dear Mr. Secretary:

From the approval of the SALT I Interim Agreement to the present, the Congress and the American people have understood that the Carter Administration, like its predecessor, was negotiating with the Soviets toward a SALT II Treaty on offensive strategic weapons.

•A review of the record of the Congressional consideration of the SALT I Interim Agreement will make it plain that Congressional approval was given on the clear understanding that it was to be replaced by a Treaty. Indeed, the language of the authorizing resolution makes specific reference to a "Treaty." The debate revolved around the role of the Interim Agreement in leading to a Treaty. All the subsequent negotiations have been conducted with a clear understanding by all parties that they would eventuate in a Treaty subject to ratification by the Senate. Most recently, the Administration's position with regard to the de facto extension of the Interim Agreement was based on the premise that it would, in due course, be replaced by a Treaty. Along with other officials of the Administration, you have repeatedly testified before Congress that the Treaty expected to emerge from the current negotiations would be subject to the ratification of the Senate.

It is against this background that I was stunned to learn that the Administration has taken steps, in Geneva, to prepare the way for a possible decision by the President to renounce the clearly established record and the commitments of this and previous Administrations and, by declaring the SALT II Treaty to be an Executive Agreement, to try to circumvent the clear constitutional requirement that the Senate give its advice and consent to all Treaties.

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Per: Rac Project

ESDN; NLC-125-14-12-1-2

BY KS NARA DATE 5/11/13

~~SECRET~~

Honorable Cyrus R. Vance

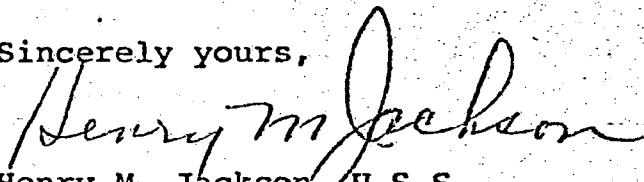
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August 11, 1978

The Congress will not accept labelling the SALT II Treaty an "Executive Agreement" in an effort to get around the constitutional advice and consent procedure. The Administration would precipitate a major Constitutional confrontation should such a circumvention of Constitutional processes be attempted; there would be a storm of protest among members of Congress regardless of their views on the merits of the Treaty.

The obvious responsibility of the Administration is to achieve a Treaty that will earn the support of the Congress through established Constitutional ratification procedures. Transparent tactical maneuvers to avoid the ratification process only discredit the Administration's SALT efforts and will necessarily be self-defeating.

Sincerely yours,



Henry M. Jackson, U.S.S.

cc: President Carter

~~SECRET~~



DEPARTMENT OF STATE

7815933

BRIEFING MEMORANDUM

S/S

August 11, 1978

SECRET/NODIS

TO: The Secretary

FROM: H - Douglas J. Bennet, Jr.

SUBJECT: Congressional Consultations on SALT/

Following your instructions we have been consulting with respect to the footnote added to the SALT Joint Draft Text. We made the following points:

- (1) At the President's direction, a footnote has been added to the SALT Joint Draft Text which says in effect the use of the word "treaty" does not prejudice the final form of the document.
- (2) The President felt this action was necessary to keep his options open with respect to possible House involvement in SALT ratification.
- (3) No decision has been made as to the final form of the document.
- (4) The Administration hopes that this will not become a matter of public debate until the delicate negotiating process is concluded.

Reaction was fairly predictable--resistance in the Senate and acquiescence in the House. We should definitely do another round of consultations before a final decision is made.

Baker: Because Baker was in Tennessee for his primary, we advised Cran Montgomery and Howard Lebengood of his staff. They felt Baker's reaction to anything but a treaty would be negative and that he would raise the constitutional issue. Since his return to Washington, Baker has been advised of the action taken and according to staff he is very disturbed and will be contacting you or the President directly.

SECRET/NODIS
GDS

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BY KS NARA DATE 6/16/13

Byrd: Through his staff, Hoyt Purvis, Byrd said he was very concerned that the Administration was considering anything but a treaty, that it would raise serious constitutional problems. Purvis added that he thought that there was little to gain and a lot to lose in sending SALT up as an agreement. Byrd may also be contacting you directly.

Church: He felt it was a good decision, one he had suggested some time ago. He noted it is important the option be kept open until closer to the time of submission. He said the Senate may react strongly, but that has to be balanced against the 2/3 vote.

Clark: He said he was very much opposed to even considering that SALT be submitted as an Executive Agreement. If SALT isn't significant enough to be submitted as a treaty, then what is. He believes the Senate will decide the Administration has gone too far in continuing the trend of signing Executive Agreements instead of seeking the advice and consent of the Senate on a treaty. Clark is a strong proponent of SALT but said he would support a resolution requiring that SALT be submitted as a treaty or a point of order which would keep SALT from being brought to the floor until it was submitted in the form of a treaty. He questioned the constitutionality of submitting SALT as an Executive Agreement but he was not certain the Supreme Court would uphold such an interpretation. Clark said he will not make an issue of this now but at the appropriate time he will argue very strongly for SALT being submitted as a treaty.

Cranston: He was pleased the President was keeping his options open and said he had suggested this approach some time ago. He believes the constitutionality question has to be weighed against obtaining 67 votes. His primary concern was that the three components of the SALT package be submitted in the same form, either treaty or Executive Agreement, that they not be divided. Allyn Kreps of Cranston's staff said he hoped that our Legal Adviser was preparing a brief on the constitutional implications of Executive Agreement vs. treaty.

Jackson: The Senator asked that we first meet with his staff, Dorothy Fosdick and Richard Perle. Both of them echoed the comment Perle had made earlier in conversations with Brian Atwood. Perle particularly emphasized that when SALT I was submitted to the Congress, it was to be an interim agreement leading to a treaty. They said that

earlier when this subject had come up, Jackson had said that the Administration can't get away with sending SALT in any form other than a treaty. They said that this was such a serious matter that Senator Jackson would be sending a letter directly to you. (That letter was just received and is attached.)

Javits: Senator Javits said he has no constitutional problem with the President deciding which form he uses to submit SALT to the Congress. He pointed out that a treaty is paramount law, whereas an Executive Agreement is only a law of the United States and the President should use whichever serves his purposes. He said that it is his opinion that those who are against SALT anyway will raise the constitutional question and he doesn't believe the form of SALT would tip the balance on the final vote.

O'Neill: We advised Gary Hymmel of O'Neill's staff who said the Speaker would appreciate being informed and did not think he would have any problem with such an action.

Rhodes: He said he thought it probably would be better if SALT was submitted as a treaty.

Wright: We talked to Dorothy Biard of his staff, she said she would advise the Majority Leader and had no further comment.

Zablocki: No comment, except to ask if there would be a subsequent public announcement. He was advised that we prefer this not become a public issue.

In addition to the above, you should be aware that staff of Mathias and Hart have told us that their Senators have expressed great concern about a possible change in the form of SALT II and will probably be in touch with the White House soon.

Attachment:

Letter from Jackson dated August 11, 1978

H:KSmith/dlc 8/11/78
x28722

TAB B

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO THE PRESIDENT

FROM: HAMILTON JORDAN
DATE: AUGUST 28, 1978
SUBJECT: NATURAL GAS SUPPORT EFFORTS

For your information, the following events in support of the natural gas compromise took place last week or have been scheduled for this week:

LAST WEEK:

- On Tuesday, Jim Schlesinger and the Vice President briefed two groups of Senate Legislative Assistants. Approximately fifty Senate offices were represented in the two meetings.
- On Wednesday morning, Schlesinger briefed Anne Wexler's group of democratic lobbyists and former White House staffers.
- Also on Wednesday, the Vice President, Schlesinger, Strauss, and Chairman Miller met with Edgar Speer of US Steel, Lewis Foy of Bethlehem Steel, George Stinson of National Steel, William DeLancy of Republic Steel, and Thomas Graham of Jones & Laughlin. George Stinson will help; the others will remain neutral.
- On Thursday, the Vice President, Schlesinger, Strauss and Miller met with eleven members of the Business Roundtable. The Roundtable had planned to oppose the bill; it now will remain neutral.
- On Friday, Secretary Schlesinger and Stu held a press conference and a background briefing on the breeder reactor issue.
- During the week, Schlesinger held direct-line exclusive interviews with television stations in seven targeted areas around the country. The interviews were arranged by Rafshoon's office.
- Schlesinger and his staff held numerous individual briefings with Senators and staffs.

DECLASSIFIED

Per, Rac Project

ESDN; NLC-126-14-12-1-2

BY 145 NARA DATE 6/4/13

THIS WEEK

- We have invited a group of 40 top commercial bankers, investment bankers, and insurance company executives for lunch with Schlesinger, Strauss, and Bill Miller on Wednesday.
- On Wednesday afternoon, we have invited a group of 35 chief executive officers from the glass, textile, and paper industries to meet with Schlesinger, Strauss, and Miller.
- Schlesinger will have direct-line television interviews with stations in nine cities. Charlie Schultze will do the same in seven more cities.
- Schlesinger, Schultze, and Kreps will give exclusive interviews with six major publications on energy and the dollar.
- Hyman Bookbinder is working a targeted list of 25 Senators.

10:30 AM

THE WHITE HOUSE
WASHINGTON

August 30, 1978

*Bill not perfect
16 mos
Test of will
Public endorsement
Infl, #, Trade
Canadian pipeline
30%/85*

MEETING ON NATURAL GAS COMPROMISE WITH GOVERNORS

Thursday, August 31, 1978
10:30 a.m. - 11:00 a.m.
Cabinet Room
The White House

FROM:

ANNE WEXLER *AW*
STU EIZENSTAT *Stu*
JACK WATSON *Jack*

I. PURPOSE

To discuss with several Governors the need for passage of a national energy program (and the natural gas legislation in particular) and to receive a brief report on the just concluded National Governors' Association conference in Boston.

II. BACKGROUND, PARTICIPANTS, PRESS PLAN, AND CONGRESSIONAL

A. Background

1. The general tone of the National Governors' Association conference in Boston was supportive of the Administration. A summary report on the conference is attached. Following discussions with Jack and Anne, Governor Julian Carroll of Kentucky, the new chairman of the National Governors' Association, suggested that several governors might want to meet with you to discuss the need for a national energy plan in general, and the urgency of the national gas bill in particular, and to give you a brief report on the National Governors' Association conference. Governor Carroll took the initiative in suggesting such a meeting to other governors and in inviting individual governors to attend with him on two-day's notice.

2. Prior to your arrival, the governors will have been briefed by the Vice President, Jim Schlesinger and Bob Strauss, who will be answering questions when you arrive. The Vice President will thank the governors for arranging to come, will acknowledge the actions taken at the National Governors' Association and will generally discuss the need for the natural gas legislation. Secretary Schlesinger will summarize the natural gas compromise and the current legislative situation, and Ambassador Strauss will further discuss the need for the legislation, stressing the international and dollar implications. There will be an attempt to stay away from specifics and to appeal to the national interest. The governors are ready to help and want to be called upon. Your talking points are being prepared along this line using the points you have emphasized.
3. Toward the end of the meeting you should ask Governor Carroll for a report on the National Governors' Association meeting. This is included in your talking points.

B. Participants

A list of the governors expected is attached.

Several other governors desired to attend and are generally supportive of the need for a national energy plan, but were unable to adjust their schedule given the short notice. These governors include Governors Hunt of North Carolina, Dukakis of Massachusetts, and Grasso of Connecticut.

C. Press Plan

White House photo and press pool will be present for the entirety of your opening remarks concerning the natural gas legislation.

When you arrive at the meeting you should circle the table shaking hands with each governor. The White House photographer will be present. The Cabinet Room will be set up so that you will sit at the end of the table closest to Phil Wise's office.

Following the meeting Governors Carroll and Milliken will go to the press room to brief the press on the meeting with you. Other governors will be interviewed by White House and local press following Governor Carroll's briefing.

D. Congressional

Governor Carroll asked that we try to get members of the Congressional leadership and the energy conference to attend the meeting with you. Because almost all of the leadership and conferees are out of town (particularly the key ones), none will be attending. We understand that Governor Carroll has arranged a meeting with the leadership for September 7, 1978.

III. TALKING POINTS

To be submitted separately.

ATTENDEES

Governors

Julian Carroll (Kentucky) ✓
J. Joseph Garrahy (Rhode Island) ✓
Dixy Lee Ray (Washington) ✓
John D. Rockefeller (West Virginia) ✓
Richard D. Lamm (Colorado) ✓
Dolph Briscoe (Texas) ✓
Milton J. Shapp (Pennsylvania) ✓
Brendan T. Byrne (New Jersey) ✓
Martin Schreiber (Wisconsin) ✓
William Milliken (Michigan) ✓
Ray Blanton (Tennessee) ✓

Accompanying Governor Carroll will be his Assistant for Intergovernmental Affairs, Frank Harscher.

National Governors' Association

Stephen B. Farber, Director
Edward L. Helminski, Director, Energy & Natural Resources Program
Joseph P. McLaughlin, Jr., Director of Public Affairs

MEETING WITH THE GOVERNORS

Thursday, August 31, 1978

10:00 a.m.

Cabinet Room

AGENDA

10:00 a.m.	Welcome	The Vice President
10:05 a.m.	Summary of the national gas bill and legislative status.	Dr. James R. Schlesinger Secretary of Energy
10:10 a.m.	Discussion of international context and inflation factor.	Ambassador Robert S. Strauss
10:15 a.m.	Question and Answer Period	
10:30 a.m.	Remarks by the President	
10:45 a.m.	Discussion with the President	
10:55 a.m.	Governor Carroll gives brief comments on the National Governors' Association meeting	
11:00 a.m.	President departs and Vice President closes the meeting.	

The Boston Meeting of the National Governors' Association

The Meeting was a positive one with evidence of the strong working relationship between the Governors and the Administration.

- Jack Watson and Anne Wexler reported on the Administration Task Force recommendations to be made to the President on extending the Title V Regional Economic Development Commissions. The report was warmly received and endorsed by the Association, led by Governor Judge of Montana.
- Jack and Anne had a very friendly session with the Executive Committee of the Association.
- The Association passed a general resolution calling for the adoption of an energy program during this session of the Congress.
- The Association adopted a resolution calling for a balancing of the federal budget.
- The Association has agreed to work with the Administration (following a letter from the President to Governor Milliken in his capacity as Chairman of the New Coalition) to devise anti-inflation initiatives that can be taken by state and local governments.
- Gene Eidenberg and Bill Spring met with the Human Resources Committee of the Association, chaired by Governor Dukakis, and received strong support for the Administration's efforts on welfare reform.
- While there was no formal action, many governors individually voiced their support for the President's approach on National Health Insurance. These expressions came in private conversations with White House staff present for the meeting.
- Ambassador Strauss met with two committees of the Association on inflation and international trade. He was effective in both meetings and his presentation was well covered by the press.
- Governor Carroll in his statement announcing the meeting with the President explicitly applauded (a) his willingness to cut short his vacation to return to Washington to work on the energy legislation and (b) his willingness to meet immediately with the governors.

Julian Carroll's election as Chairman of the Association for this coming year is very positive for both the Association and the Administration. He has pledged to make the Association an effective lobbying force for programs on which there is Association/Administration agreement.

Individual governors expressed both privately and publicly their view that this Administration has worked effectively with them and their State governments. The governors appreciate the problems of being an elected chief executive and applaud the President's efforts to improve federal-state relations. It is making a practical and beneficial difference to them as governors.



RESOLUTION OF THE NATURAL RESOURCES
AND ENVIRONMENTAL MANAGEMENT COMMITTEE
NGA-MEETING, BOSTON, AUGUST 27-29, 1978

NATIONAL ENERGY LEGISLATION

THE NATIONAL GOVERNORS' ASSOCIATION WISHES TO EXPRESS ITS CONCERN
TOWARD A NATIONAL ENERGY POLICY IN THE FOLLOWING MANNER:

FIRST, THAT IT IS ESSENTIAL THAT CONGRESS ENACT RESPONSIBLE NATIONAL
ENERGY LEGISLATION, THAT INCLUDES EFFECTIVE CONSERVATION AND PRODUCTION COMP-
ONENTS.

SECOND, THE GOVERNORS ARE GREATLY CONCERNED ABOUT THE SERIOUS IMPLICATIONS
FOR THE NATION IF CONGRESS FAILS TO REACH CONSENSUS BEFORE THE END OF THIS
SESSION.

THIRD, THE NGA CALLS UPON ITS CHAIRMAN TO CONTACT ADMINISTRATION OFFICIALS
AND THE CONGRESS TO DETERMINE WHAT ACTION BY THE NATION'S GOVERNORS COULD
CONTRIBUTE TO PASSAGE OF THIS CRITICAL LEGISLATION.



National Governors' Association

William G. Milliken
Governor of Michigan
Chairman

Stephen B. Farber
Director

S-2. Federal Expenditure Guidelines Committee on Executive Management and Fiscal Affairs

Since World War II federal government spending has grown from a 13% share of our nation's gross national product to its present share of over 22%. This near doubling of the federal government's relative size is of great concern. The growth of the federal government must be contained so that efficient private sector development and stable domestic economic conditions can be sustained.

To ensure that the federal government does not become disproportionately large and its cost increasingly burdensome the National Governors' Association recommends that a balanced federal budget be achieved by the fiscal year ending September 30, 1981.

10:30 AM

THE WHITE HOUSE
WASHINGTON

August 31, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*
EUGENE EIDENBERG *Eugene*

SUBJECT: Additional Attendee to Meeting
With Governors Today

Governor Boren of Oklahoma will be attending this morning's meeting with you.

Governor Boren was led to believe that the meeting was open to him by Governor Briscoe. As a result, Governor Boren issued a public statement in Oklahoma saying he had been invited and was attending the meeting.

Governor Julian Carroll has talked directly with Boren and told him if he could not come to this meeting and be helpful to you he should stay home. Carroll reports that he has a personal commitment from Boren that there will be no criticism of you or your Administration and its handling of the energy question. If asked by press, he will indicate some problems with the coal conversion bill and its impact on electrical costs in Oklahoma. He will have warm and supportive things to say about you and your efforts to get the Congress to face up to its responsibilities on energy.

This matter has been difficult for Governor Carroll who earlier got Governor Edwards of Louisiana to withdraw his insistence on attending.

cc: Vice President

10:30 AM

GOVERNORS' MEETING

TALKING POINTS FOR THE PRESIDENT

1. I want to thank Governor Carroll for helping to arrange this meeting and congratulate him on his recent election as President of the National Governors Association. I appreciate your coming to the White House today on such short notice but I thought it was important that we have a chance to discuss the energy legislation, particularly the natural gas conference report, prior to Congress' return next week. The energy legislation is at a critical stage. I have returned early from my vacation to work on it, and the first thing I wanted to do upon my return was to meet with you -- to seek your advice and counsel as well as your support at this important time.
2. It is clear that all of you recognize the need to tackle our energy problem now, for just this week your National Governors Association adopted a strong resolution calling on Congress to enact energy legislation this year. I commend you for that action.
3. The key to ensuring that we have sound energy legislation this year is Congressional adoption of the natural gas conference report. That report represents a compromise which is fair, balanced, workable, and clearly in the national interest.
4. The report will increase supplies of natural gas at reasonable prices for the nation's consumers while providing needed incentives for the nation's natural gas producers. The bill will also provide the financial incentives needed to ensure construction of the Alaska gas pipeline.
5. With the pipeline, interstate gas supplies will be increased by 30% by 1990¹⁹⁸⁵; approximately 1.5 million barrels per day of imported oil will be saved by 1985; and between \$7⁶ and \$12⁸ billion a year will be reduced annually in our trade deficit, ~~depending on the rate of increase in the world price of oil.~~ *if OPEC prices rise at about the inflation rate.*
6. The compromise does not include everything that I originally proposed. Nor does it include everything that you may have supported. However, it is clear that the compromise is the only natural gas bill that will be possible for the Congress to pass this year.

It strikes a fair balance between producer interests and consumer concerns, between the overregulation of the past and the economic hardship of immediate deregulation, and between the Senate and House passed bills.

7. For nearly 30 years it has not been possible to enact legislation to correct the deficiencies in the current natural gas pricing system. We now have a rare opportunity to enact a sound natural gas bill. We may not have such an opportunity again for some time. We need to take advantage of this opportunity, and not let it slip away. With your help, I believe we can be successful.
8. If we fail to adopt the natural gas report, and thereby to ensure a sound energy program, the domestic and international effects would be very harmful to the nation:
 - we would continue to import oil at an enormous rate, now approaching \$42 billion a year;
 - the trade deficit would likely continue at its record rate;
 - the dollar -- which has declined 34% against the Swiss franc and 31% against the Japanese yen since I introduced my energy bill -- would almost certainly continue to come under attack;
 - the substantial trade deficit and the declining dollar will continue to spur the inflation rate.
9. The world is clearly watching to see whether we will meet this challenge to our national will. I am convinced that we can meet the challenge if we are willing to act in the national interest and to rise above regional concerns and short-term political considerations.
10. Your help in this effort is essential. You can help us inform the American people about the importance of getting a sound energy bill this year and of the strengths of the natural gas compromise. You can help us pass the energy legislation the country so badly needs.
11. From the start my Administration has formed a close working partnership with the nation's governors. We especially need to act together now to make certain that Congress does not adjourn without enacting a sound energy bill.
12. I know that you have already had the opportunity to ask questions of the Vice President, Jim Schlesinger and Bob Strauss. I will be glad to hear your views about how we can succeed or how we can best work together. I also want to hear from you about the very successful National Governors Conference you just completed.

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT

Meeting with Governors

August 31, 1978

THE WHITE HOUSE

WASHINGTON

CONTENTS

- A) INFORMATION ON THE NATURAL GAS COMPROMISE
- B) GRAPHS AND CHARTS
- C) SUMMARY OF THE MAJOR PROVISIONS IN THE
NATURAL GAS CONFERENCE REPORT
- D) INFORMATION ON NATURAL GAS PRICES FOR INDUSTRIAL
USERS

A

August 31, 1978

Information on the Natural Gas Compromise

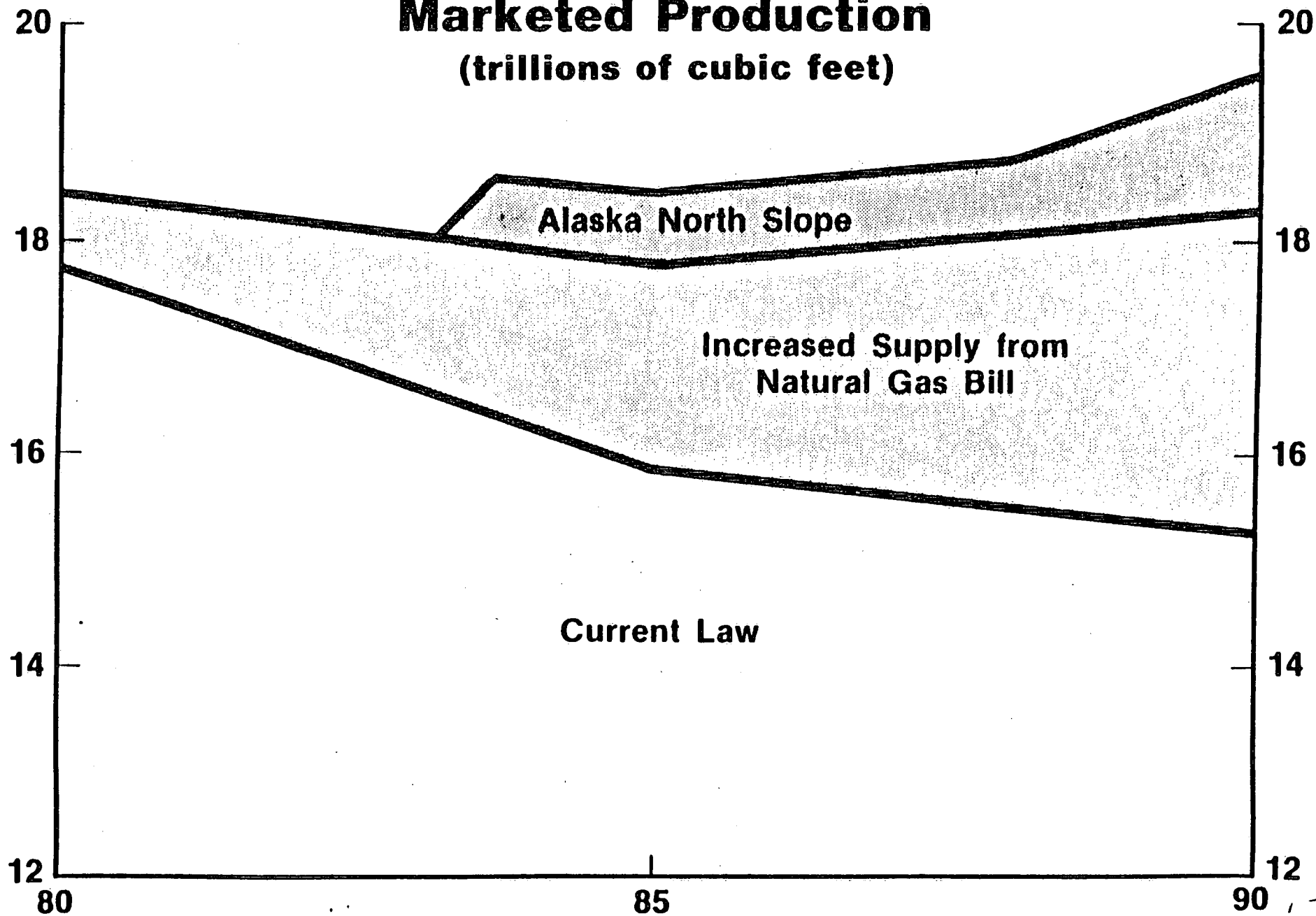
- The world is watching to see if we can come to grips with our energy problem. In view of the President's pledge to foreign leaders, and the increasing concern over the dollar, we cannot afford to fail.
- The natural gas conference report is a sound compromise that will be good for the Nation. It will increase supplies of our premium fuel for the Nation's consumers while providing price certainty and new markets for the Nation's producers.
 - o Even the Act's opponents do not dispute the critical fact that substantial additional quantities of natural gas will flow into the interstate market at prices below that of displaced alternate fuels.
 - o The bill will also make construction of the Alaska gas pipeline possible. Together with increased production in the lower-48 States, this could mean a 30 percent increase in interstate gas supplies by 1985.
 - o This, in turn, could result in savings of approximately 1.4 million barrels per day of imported oil by 1985, and \$6 to \$8 billion a year in our balance of payments if OPEC prices rise at about the inflation rate. The dollar savings will be even greater if OPEC prices rise at a faster rate.
 - o The national gas market created by this bill will allow gas currently backed up in the intrastate market to flow into the interstate market -- where it is sorely needed.
- The bill provides critical new incentives and certainty for the Nation's producers of natural gas.
 - o It opens up the intrastate market to interstate demand.
 - o It provides certain, incentive prices.
 - o It removes burdensome FERC regulatory requirements on all new natural gas.

- o It removes the uncertainty associated with recent Supreme Court decisions and simplifies federal regulations.
- Increased supplies of natural gas at prices below alternate foreign fuels will be available for both homeowners and industrial users.
 - o Under the bill's incremental pricing provisions, the supply of gas throughout the nation will increase for residential and industrial users at prices WELL BELOW the cost of any other substitute fuels.
 - o In almost every region of the country, the industrial gas price in 1985 will still be well below the price of distillate--assuming world oil prices stay constant --and one-quarter the price of electricity.
 - o Significantly, the price of natural gas to industrial users, including the incremental pricing provision in the compromise, will be lower under this bill than the price would be under the Senate-passed Pearson-Bentsen deregulation bill without incremental pricing.
 - o There will also be expanding use of gas in industry, particularly the special process uses for which gas is best suited.
 - o Under this bill, there will once again be enough gas at economical prices to resume home hook-ups.
- Enactment of the Compromise will:
 - o Create a national market for gas.
 - o Greatly increase supplies for industry and homes.
 - o Cost the consumers no more than existing law.
 - o Substantially reduce oil imports.
 - o Protect home consumers.
 - o Provide substantial quantities of gas for new home hook-ups.

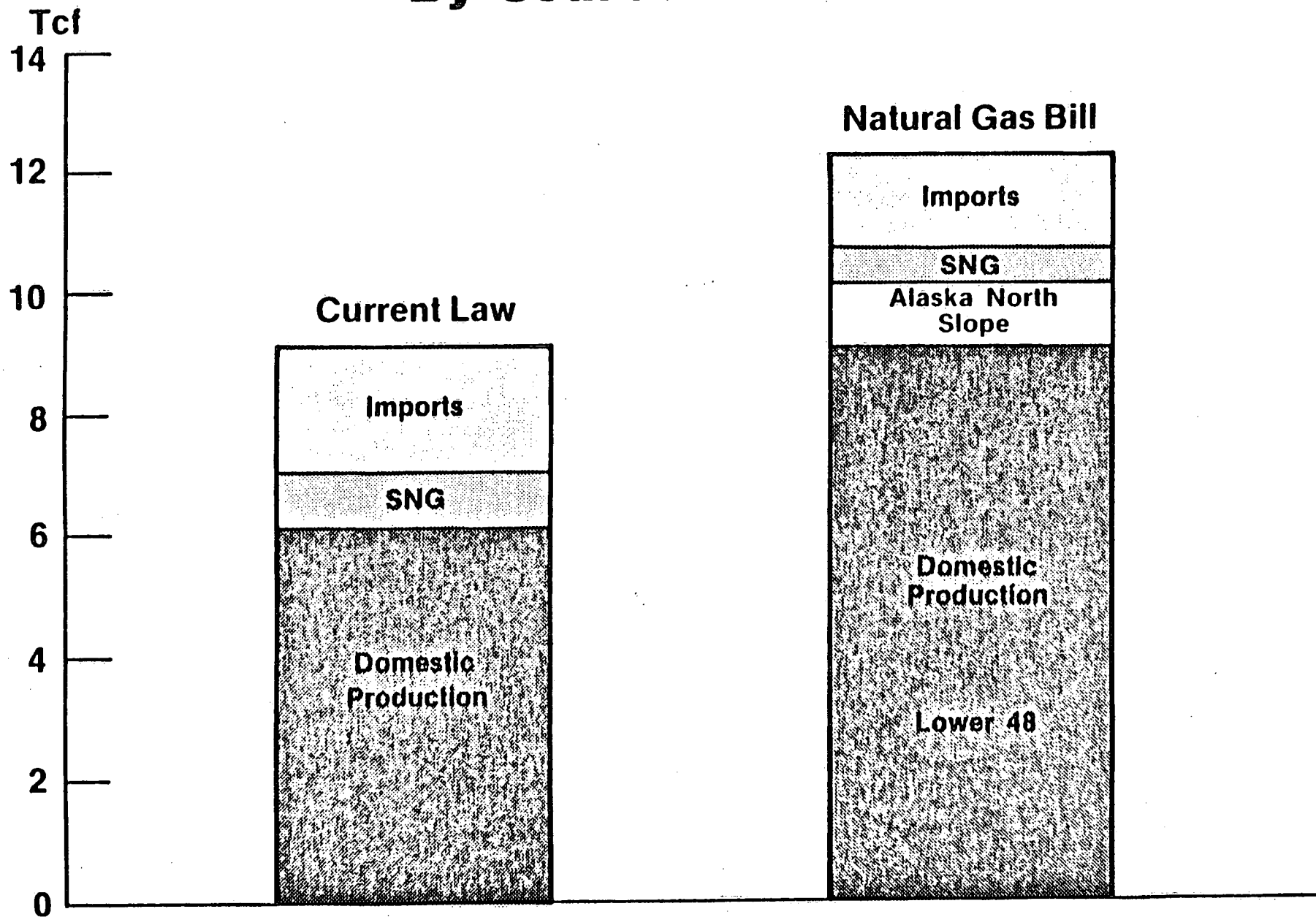
- Failure of the Compromise will:
 - o Back-up sorely needed gas production in the intra-state market.
 - o Continue the trend of declining supplies in the interstate market.
 - o Lead to the increasing use of higher priced foreign energy.
 - o Continue to occupy the Congressional calendar with a debate on natural gas in the coming years.
 - o Destroy the possibility for acting on a comprehensive energy program this year.
- The Country needs your help in this important effort to pass the first natural gas bill in twenty years. The alternatives to passage are unacceptable from both a national and international perspective. Too much is at stake for this bill to fail.

B

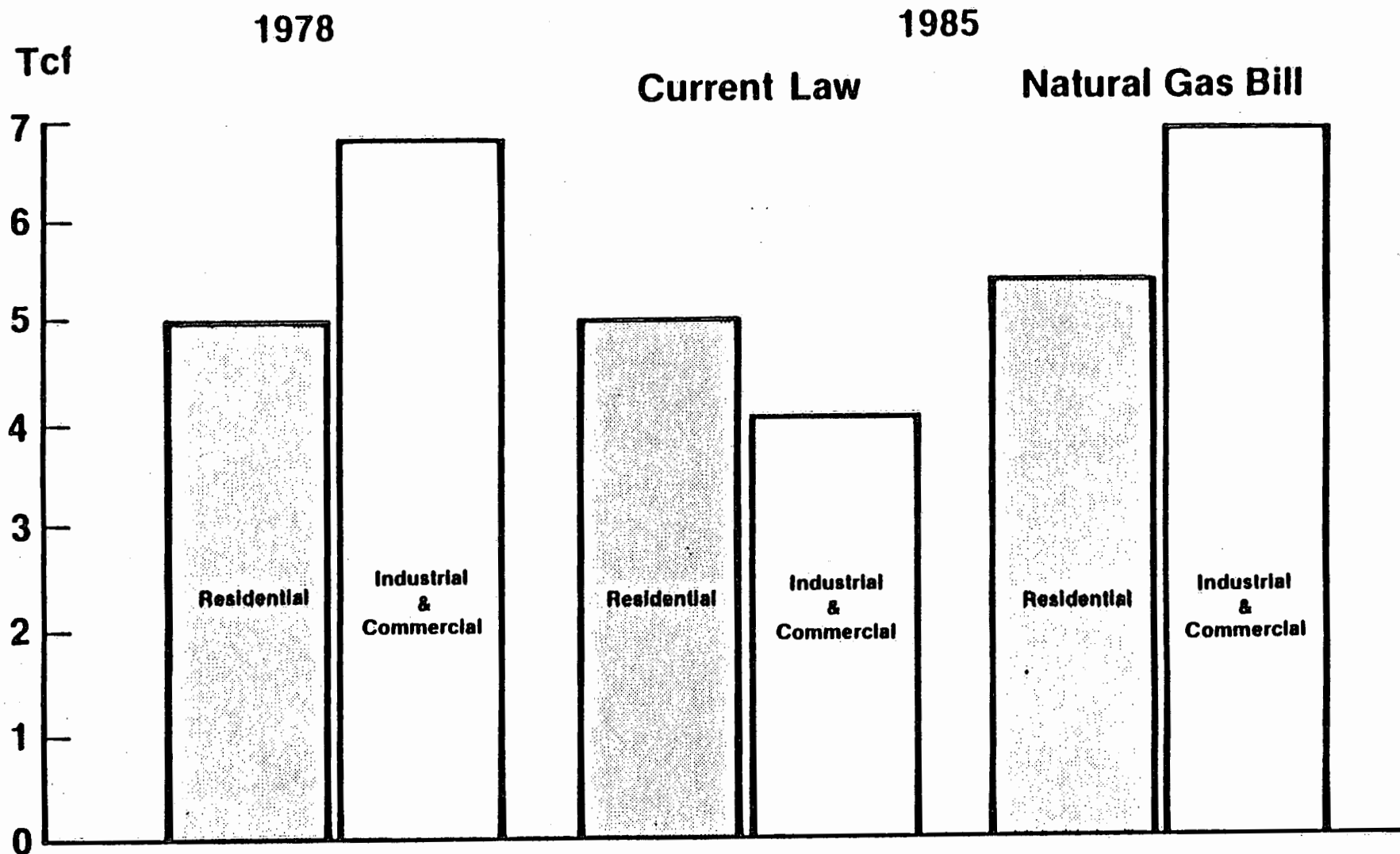
U.S. Domestic Natural Gas Marketed Production (trillions of cubic feet)



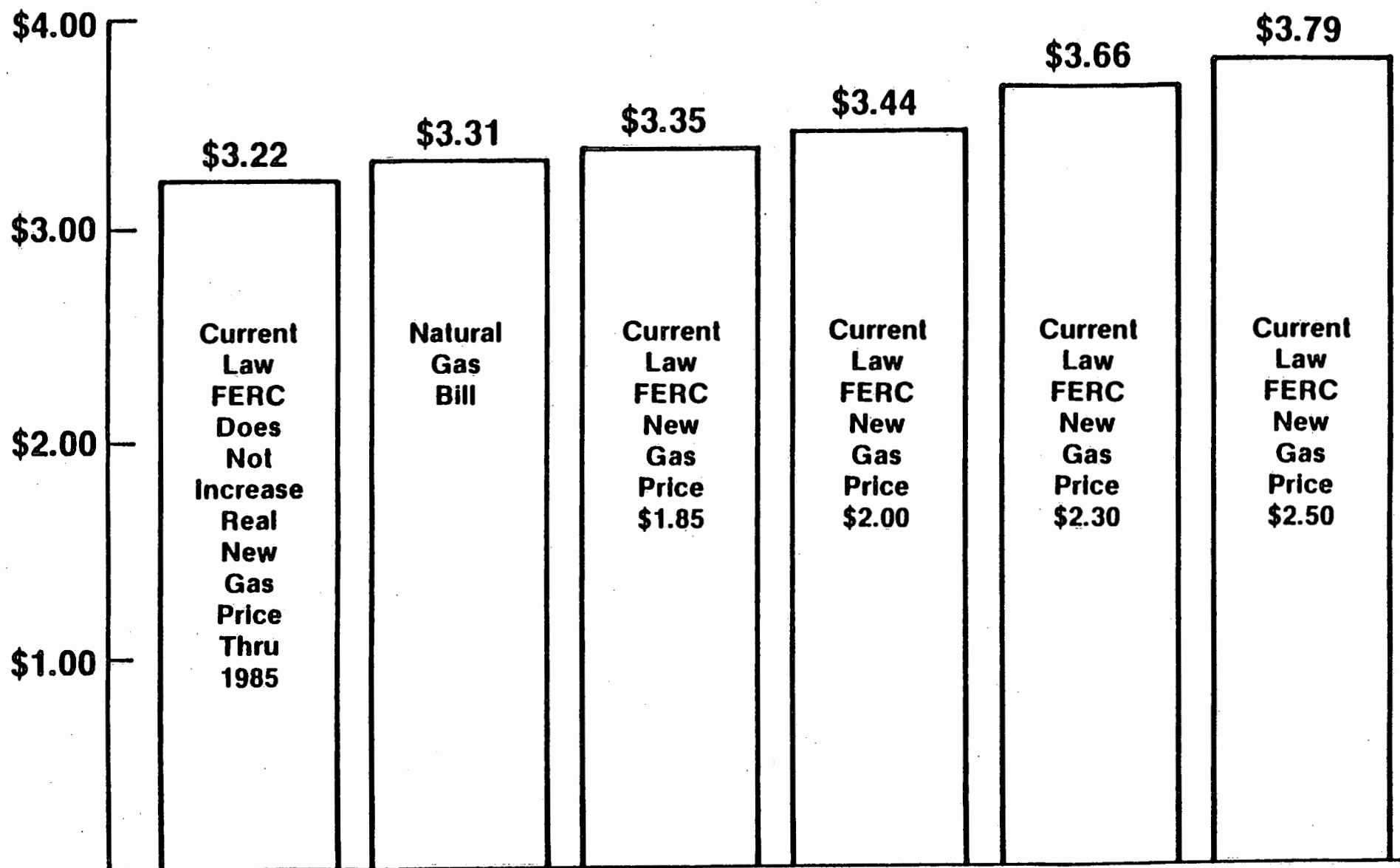
Gas Supply of Interstate Consumers By Source — 1985



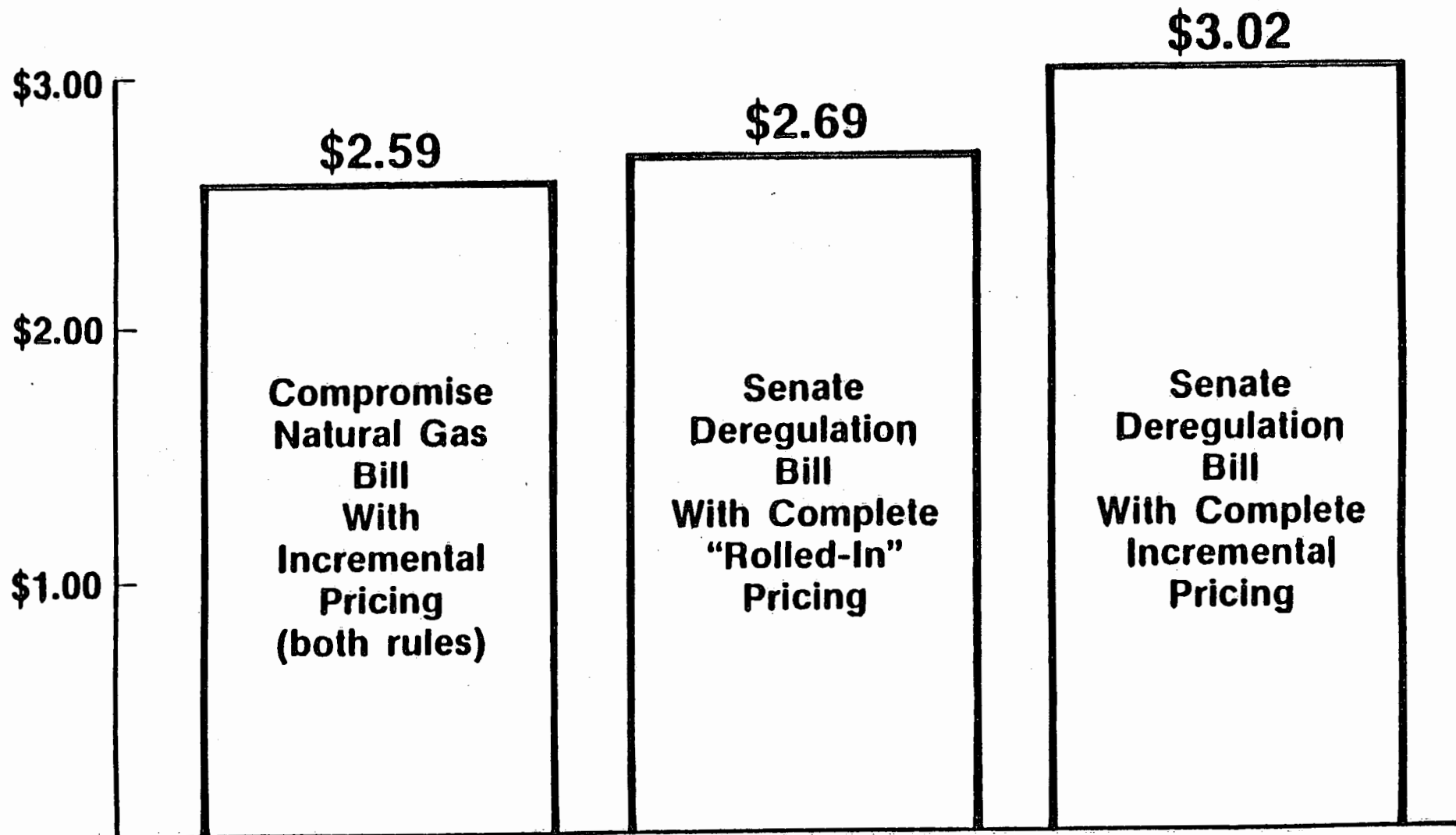
Interstate Gas Supply



1985 Residential Natural Gas Prices (Dollars Per Million BTU)



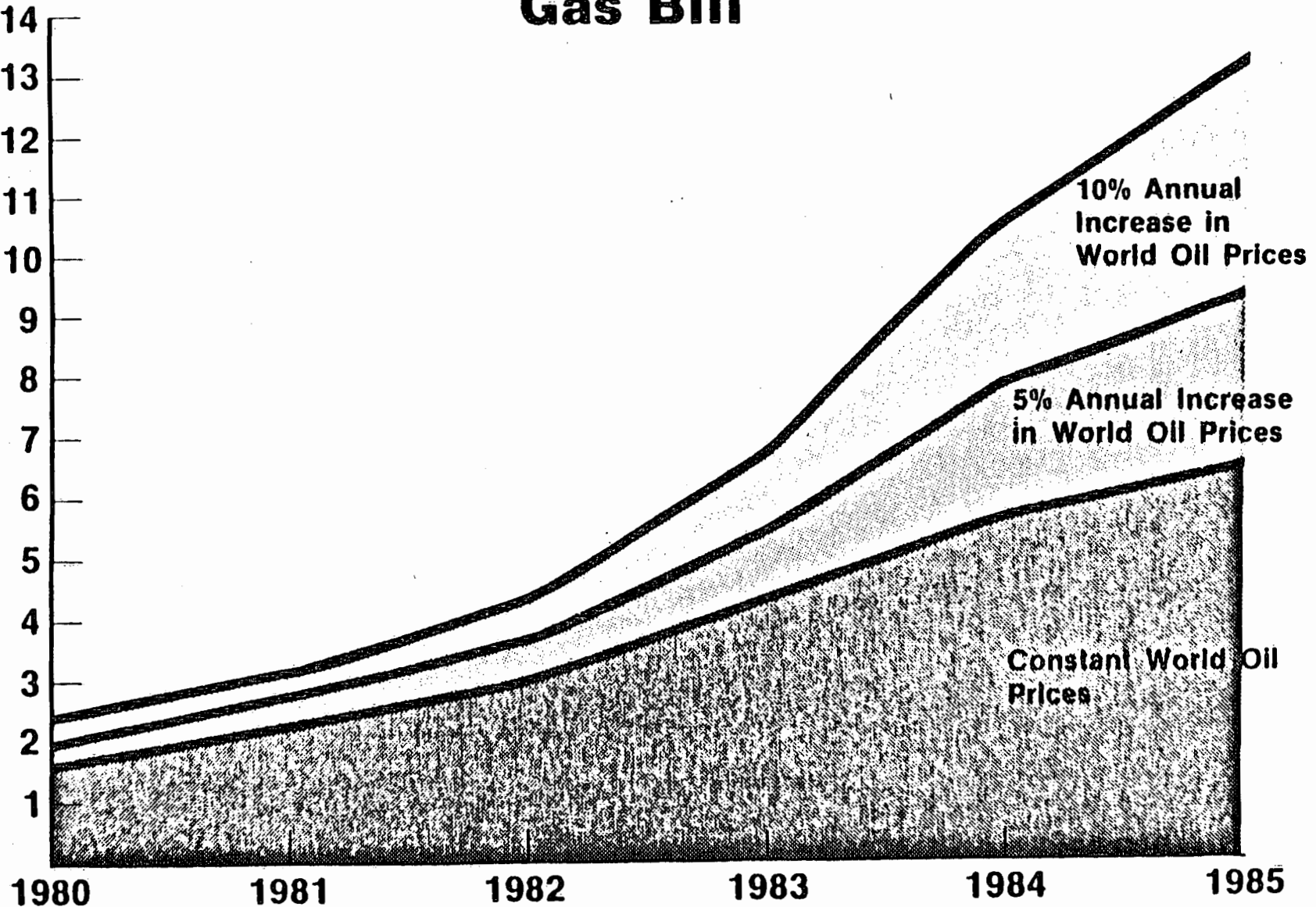
1985 U.S. Average Industrial Natural Gas Prices (Dollars per mmbtu)



Annual Reduction in Dollar Outflows with the Natural Gas Bill

Billions
of Dollars

14
13
12
11
10
9
8
7
6
5
4
3
2
1





August 31, 1978

Summary of the Major Provisions in the
Natural Gas Conference Report

I. Duration of Price Controls

Controls expire January 1, 1985 for:

- (a) New natural gas, except new reservoirs in old leases offshore.
- (b) Special incentive gas, except that legally required as of April 20, 1977 to be sold interstate commerce and gas from wells completed at a depth of less than 5,000 feet.
- (c) Gas under intrastate contracts where the contract price is greater than \$1.00 on December 31, 1984.

Controls expire June 30, 1987 for special incentive gas from wells completed at a depth less than 5,000 feet.

II. Standby Price Controls

- (a) The President or Congress (concurrent resolution with expedited procedures) could reimpose for 18 months at any time after June 30, 1985 and prior to June 30, 1987.
- (b) Concurrent resolution of Congress could veto Presidential reimposition.
- (c) Prices after reimposition would be on the same trend line previously applicable, except that for special development incentive wells, controls would be reimposed at a point mid-way between the original control trend line and the new gas trend line.

III. Ceiling Price for New Gas

- (a) \$1.75 as of April 20, 1977 escalated at the implicit GNP deflator plus .2% annually plus 3.5% annually to April 20, 1981 and 4.0% annually thereafter.
- (b) No vintaging.

IV. Definition of New Gas

(a) Onshore

- (1) Gas from new wells (those spudded after February 19, 1977) completed 2 1/2 miles from the surface location of any old well or 1,000 feet deeper than any old well. (Presumption that new well is drilled vertically unless a slant drilling permit was obtained.)
- (2) Gas from newly discovered (after April 20, 1977) reservoirs.
- (3) Gas from previously non-producing reservoirs ("withheld" gas and behind-the-pipe gas excluded.

(b) OCS

- (1) Gas from any lease executed after April 20, 1977.
- (2) Gas from a newly discovered reservoir (U.S.G.S. determines whether a reservoir is new).

- (c) State agency determines new gas onshore. FERC review to be initiated within 45 days and decided within 120 days.

V. Onshore Production Wells (Special Development Incentive Gas)

- (a) Ceiling Price is \$1.75 plus inflation except that after January 1, 1985, the price for gas from wells completed at less than 5,000 feet depth shall be mid-way between the previous trend line and the new gas trend line.
- (b) Wells must be outside an existing spacing unit and at least one spacing pattern away from old wells but within the 2 1/2 miles. This is essentially a special incentive for the full development of old reservoirs.

VI. and VII. Other Gas from New Wells, Gas and Old Gas

- (a) Ceiling price of \$1.45 plus implicit GNP deflator +.2%.

- (b) All other old gas receives the contract price plus the GNP deflator +.2%.

VIII. Severance Taxes

- (a) Existing taxes are not included in the ceiling prices. Future increases in severance taxes are to be incrementally priced.

IX. Rollover Contracts

- (a) Interstate

Contracts below \$.54 can rise to that level plus GNP deflator +.2%

All others are contract price plus GNP deflator +.2%

- (b) Intrastate

Below \$1.00 at rollover, a ceiling price of \$1.00

Above \$1.00 at rollover, new gas ceiling price

State royalty gas and State-owned production, receive new gas ceiling price

X. Allocation Authority

Only in emergencies for maintaining residences and small commercial users after all emergency sales are used, authority is provided to allocate for coal convertible industries that burn gas.

XI. High Cost Gas

The following types would be deregulated at time of implementation of Incremental Pricing Rule 1:

- (a) Devonian Shale
- (b) Coal bed methane
- (c) Geopressurized methane
- (d) Gas from wells of 15,000 feet or deeper.

XIII. Stripper Wells

- (a) Ceiling price of \$2.09 plus new gas escalation factors.
- (b) Defined as gas from a well that produced less than 60 mcf/d at the MER for three months.

XIV. Incremental Pricing

- (a) Rule 1 (to be implemented by FERC within 12 months) would incrementally price industrial (not electric utility) boiler fuel for over 300 mcf/d users up to the regional cost of distillate.

The incremental pricing account would consist of all amounts paid for gas above \$1.48, except that for high cost gas it would be all amounts above the price of distillate landed in N.Y. harbor plus 30% (now about \$3.40).

No Congressional review of Rule 1.

- (b) Rule 2 (to be proposed within 18 months) would cover other industrial uses and be subject to one-house veto in Congress.
- (c) Agricultural exemptions are provided.

D

Dept. of Energy
August 31, 1978

Projected U.S. Average Industrial
Energy Prices - 1985
(dollars per mmBtu)

Natural Gas	\$2.59
Residual Oil	\$2.97
Distillate Oil	\$3.67
Electricity	\$9.38

Dept. of Energy
August 24, 1978

Average Industrial Energy Prices for 1985

(\$ per mmBtu)

Central Region

Iowa
Kansas
Missouri
Nebraska

Natural Gas	\$ 2.49
Distillate	\$ 3.47
Residual	\$ 3.05
Electricity	\$10.46

Average Industrial Energy Prices for 1985
(\$ per mMBtu)

Mid Atlantic Region

Delaware
Maryland
Pennsylvania
Virginia
West Virginia

Natural Gas	\$ 3.06
Distillate	\$ 3.85
Residual	\$ 3.16
Electricity	\$10.99

Dept. of Energy
August 24, 1978

Average Industrial Energy Prices for 1985

(\$ per mmBtu)

Midwest Region

Illinois
Indiana
Michigan
Minnesota
Ohio
Wisconsin

Natural Gas	\$ 3.07
Distillate	\$ 3.57
Residual	\$ 3.06
Electricity	\$ 9.36

Dept. of Energy
August 24, 1978

Average Industrial Energy Prices for 1985

(\$ per mmBtu)

North Central Region

Colorado
Montana
North Dakota
South Dakota
Utah
Wyoming

Natural Gas	\$ 2.22
Distillate	\$ 3.67
Residual	\$ 2.96
Electricity	\$ 7.20

Average Industrial Energy Prices for 1985

(\$ per mmbtu)

Northwest Region

Idaho
Oregon
Washington

Natural Gas	\$ 2.90
Distillate	\$ 3.56
Residual	\$ 2.96
Electricity	\$ 3.81

Average Industrial Energy Prices for 1985

(\$ per mmBtu)

Southwest Region

Arkansas
Louisiana
New Mexico
Oklahoma
Texas

Natural Gas	\$ 2.37
Distillate	\$ 3.62
Residual	\$ 2.93
Electricity	\$10.67

Dept. of Energy
August 24, 1978

Average Industrial Energy Prices for 1985

(\$ per mm Btu)

Western Region

Arizona
California
Nevada

Natural Gas	\$ 2.45
Distillate	\$ 3.56
Residual	\$ 2.91
Electricity	\$ 9.95

Average Industrial Energy Prices for 1985

(\$ per mmBtu)

South Atlantic Region

Alabama
Florida
Georgia
Kentucky
Mississippi
North Carolina
South Carolina
Tennessee

Natural Gas	\$ 2.65
Distillate	\$ 3.84
Residual	\$ 2.84
Electricity	\$ 9.36

Impact of the Natural Gas Compromise
Upon the Northeast (New England, New York, and New Jersey)

The average price of natural gas in the Northeast will be essentially the same under the Compromise as under existing law, but supplies of domestic natural gas coming into the Northeast are expected to increase by almost 20 per cent over a continuation of the current regulatory program. This will allow new home hook-ups as well as industrial expansion of gas, utilizing cheaper domestic supplies instead of high cost foreign sources of LNG and SNG.

Residential prices will be lower than under the status quo and industrial prices slightly higher because of the incremental pricing provisions in the Compromise. However, the rate of increase in industrial natural gas prices between now and 1985 will be much less in the Northeast than in other parts of the nation.

The relatively lesser price impact of the Compromise in the Northeast results from two basic factors.

-- The Compromise affects only wellhead prices.

The relatively higher transportation charges necessary to transport the gas to the Northeast are not changed. Indeed, on a unit cost basis,

the transportation charges will be somewhat less because of the higher gas flows in the existing systems.

- The increased supply of domestic natural gas will back out more expensive fuels to a greater extent in the Northeast than elsewhere. The Northeast will need approximately 40 per cent less LNG and synthetic natural gas if the Compromise is enacted.

THE WHITE HOUSE
WASHINGTON

8/31/78

Mr. President:

WHCA sent this list per your request. There are two tapes for a total of 84 minutes of coverage. If you prefer certain segments they can prepare a tape of them.

Phil

WHITE HOUSE COMMUNICATIONS AGENCY
THE WHITE HOUSE
WASHINGTON, D.C. 20500

C

AUG 31 1978

WHCA

MEMORANDUM FOR: PHIL WISE

FROM: COLONEL BLASINGAME 

SUBJECT: Television Coverage of President Carter's Visit
to Georgia, Idaho and Wyoming, 18-30 August 1978

Attached is a listing of television coverage of President Carter's
vacation as he requested.

1 Incl
as

TELEVISION COVERAGE OF PRESIDENT'S VACATION

<u>DATE</u>	<u>NETWORK</u>	<u>MIN:SEC</u>	<u>REPORTER</u>	<u>PROGRAM</u>
18 Aug 78	ABC	00:06	Reynolds	President Carter's departure from Washington and arrival in Plains, GA
19 Aug 78	ABC	00:28	Jerriell/Compton	President Carter's Vacation in Plains, GA
	CBS	02:25	Bradley	President Carter's Vacation in Plain's GA
	NBC	04:30	Woodruff	President Carter's Vacation in Plains, GA
21 Aug 78	Good Morn- ing America	05:54	Bell/Garcia	Preview of President Carter's vacation
	CBS Morning News	07:11	Threlkeld/Pierpoint	Preview of President Carter's visit to Idaho
	ABC	09:15	Reynolds/Donaldson	President Carter's arrival in Idaho
	CBS	11:53	Mudd/Bradley	Idaho Preview
22 Aug 78	Today Show	14:43	Dancy	President Carter starts Rafting on Salmon River
	Good Morn- ing America	16:27	Bell/Donaldson	President Carter starts Rafting on Salmon River
	CBS Morning News	18:12	Threlkeld/Schieffer	President Carter starts Rafting on Salmon River
	ABC	20:20	Reynolds/Donaldson	President Carter starts Rafting on Salmon River
	CBS	22:48	Mudd/Schieffer	President Carter's Rafting Trip
	NBC	25:15	Brinkley/Dancy	President Carter's Rafting Trip
23 Aug 78	Today Show	27:30	Woodruff	President Carter Enroute Rafting and Fishing
	CBS Morning News	29:28	Threlkeld/Bradley	President Carter's Departure on Raft
	ABC	31:41	Robinson/Donaldson	President Carter's Rafting Mishap
	CBS	33:24	Mudd/Schieffer	President Carter's Rafting Mishap
24 Aug 78	Today Show	35:20	Dancy	Camping and Rafting in Idaho
	Good Morning America	37:19	Bell/Donaldson	Camping and Rafting in Idaho

<u>DATE</u>	<u>NETWORK</u>	<u>MIN:SEC</u>	<u>REPORTER</u>	<u>PROGRAM</u>
24 Aug 78	CBS Morning News	31:10	Threlkeld/Pierpoint	President Carter's Rafting and Teton Preview
	ABC	41:18	Reynolds/Donaldson	Press Camping in Idaho
25 Aug 78	Today Show	43:00	Woodruff	President Carter Concludes Raft Trip
	Good Morning America	45:05	Farriell/Compton	President Carter Concludes Raft Trip
	CBS Morning News	46:33	Threlkeld/Bradley	President Carter Concludes Raft Trip
	NBC	48:52	Brinkley/Woodruff	President Carter Arrives in Wyoming
27 Aug 78	CBS	50:45	Dean/Pierpoint	President Carter's Vacation Interrupted by Trouble Back Home
	NBC	52:26	Savitch/Dancy	President Carter at the Grand Tetons
28 Aug 78	Today Show	53:52	Jarriell/Compton	President Carter's Twilight Drive
	Good Morning America	55:26	Kalber/Kurr	President Carter after Church with Senator Hansen
	CBS Morning NEWS	57:10	Spencer/Schieffer	President Carter's Twilight Drive
<u>End Tape 1</u>				
28 Aug 78	ABC World News	00:00	Reynolds/Donaldson	President Carter in Wyoming
	CBS Evening News	02:43	Mudd/Schiefer	President Carter in Wyoming
29 Aug 78	Today Show	04:35	Kalber/Kurr	Threat on President Carter's Life & Wyoming Residents Complaints
		07:31	Kalber/Lynch	President Carter Attends Rodeo in "Stagecoach"
	Good Morning America	08:40	Jarriell/Garcia/Compton	Threat on President Carter's Life & Rodeo
	CBS Morning News	11:15	Spencer/Jones	President Carter's Trip Cut Short

**Electrostatic Copy Made
for Preservation Purposes**

<u>DATE</u>	<u>NETWORK</u>	<u>MIN:SEC</u>	<u>REPORTER</u>	<u>PROGRAM</u>
29 Aug 78	ABC World News	12:58	Robinson/Donaldson/ Compton Mudd/Pierpoint	Assassination Threat
	CBS Evening	16:29		President Carter's Assassination Threat
	NBC Nightly News	18:33	Brokaw/Dancy	President Carter's Assassination Threat
30 Aug 78	Today Show	20:12	Kurr	President Carter's Last Vacation Day
	Good Morning America	21:44	Jarriel/Garcia	President Carter's Last Vacation Day
	CBS Morning News	23:29	Spencer/Schieffer	President Carter Faces Problems at Home
	ABC World News	25:05	Reynolds/Donaldson	President Carter Returns to Problems
	CBS Evening News	26:55	Mudd/Schieffer	President Carter Returns to White House
	NBC Nightly News	27:24 <u>57:10</u> 84:34	Savitch/Kurr	Presidential Life Threat a Hoax

THE WHITE HOUSE
WASHINGTON

August 31, 1978

Jim McIntyre

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling. The signed original has been given to Bob Linder for distribution.

Rick Hutcheson

cc: Bob Linder



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Jim C

30 AUG 1978

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Jr., Director *Jim*

SUBJECT: Reduction in 1979 Administrative Travel Costs

The attached memorandum to the agency heads follows up on your decision to ask that they reduce their 1979 administrative travel costs by 20%. (As agreed, travel that is necessary to accomplish operational missions, i.e., for program purposes, is exempted.) It also notifies the agencies that OMB will provide instructions to the agencies to accomplish this reduction.

RECOMMENDATION

That you sign the attached memorandum.

Attachment

- a) Reduce Conventions/meetings
- b) Minimize travel.
- c) Use economy budget fares
- d) Use phone
- etc

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Reduction in 1979 Administrative Travel Costs

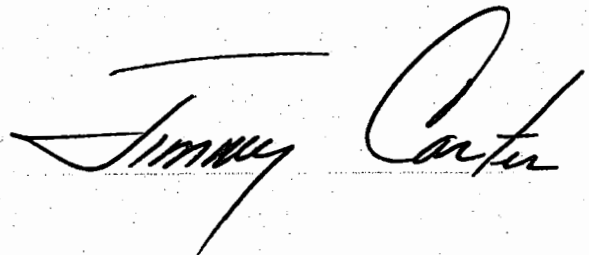
It is extremely important at this time, when we are trying to hold down inflation, that every effort be made to reduce Government travel costs. All travel must be limited to the absolute minimum necessary to carry out your programs.

Specifically, I ask that you reduce fiscal year 1979 administrative travel costs by 20% below the amount estimated in the 1979 budget transmitted to the Congress. Administrative travel is defined to include all travel that is not directly related and essential to the performance of a Federal program.

While I am not directing that travel for program purposes be reduced by a specific amount, I do ask that you limit all travel to purposes that are clearly necessary and cannot be accomplished effectively in any other way. The proper management of travel should permit reduction in travel budgets for program as well as for administrative purposes.

I am asking the Director of the Office of Management and Budget to provide Government-wide instructions to achieve this reduction.

I count on your full cooperation in directing your agency to help reduce the amounts spent for Government's travel.

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive, flowing style. The first name "Jimmy" is written with a large, sweeping initial "J". The last name "Carter" is written with a large, sweeping initial "C". The signature is positioned in the lower right quadrant of the page.

THE WHITE HOUSE
WASHINGTON

31 August 1978

TO: THE PRESIDENT *RL*
FROM: RICK HUTCHESON
SUBJECT: Memos Not Submitted


1. SCOTTY CAMPBELL memo on your suggestion of last year that the name of the "Combined Federal Campaign" be changed. He consulted with the four participating charitable groups; they unanimously recommend that the present name be retained. After a successful 14 years, the present name and logo are very familiar to Federal employees; changing the name might be counterproductive. *ok*
2. GRIFFIN BELL sent you a copy of a memo supporting equal employment opportunity sent by FBI Director Webster to all FBI employees. The Attorney General remarks that Webster "is doing a good job in his affirmative action program." ✓
3. ANNE WEXLER sent you a report on various meetings she conducted in support of the foreign assistance legislation:
 - July 31: your meeting with religious leaders ✓
 - August 10: another White House meeting with religious leaders, featuring Jack Gilligan and Henry Owen ✓
 - briefings for corporate representatives by Gilligan and Fred Bergsten were held on July 28 and August 11 ✓
 - August 17: a White House meeting with the most active lobbyists from miscellaneous groups to thank them for their help with the House, and to plan a Senate strategy ✓

THE WHITE HOUSE

WASHINGTON

August 18, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Anne Wexler 

SUBJECT: Activities Subsequent to Your Meeting on
Foreign Assistance with Religious Leaders,
July 31, 1978

After you met with the religious leaders on July 31, they issued a unanimous statement of support to the press. Several of them then went to the Hill and contacted members of the House. By the next day, the White House Congressional Liaison Office was reporting positive feedback from this effort.

At the group's suggestion, a second religious leaders' meeting was held at the White House on August 10. Jack Gilligan, Henry Owen, and others participated, and the group was given lists of Congressmen and related materials. The leaders were interested in helping and are believed to have done substantial work prior to the successful House foreign assistance vote. Thank-you letters from you to the leaders were sent this week.

Our outreach activities on foreign aid have extended to two other groups. On July 28 and August 11, a group of corporate representatives was briefed by Jack Gilligan, Fred Bergsten of the Treasury Department, and others. These representatives have good connections on the Hill, and their efforts may have been a critical factor in the House victory.

Finally, a White House meeting was held yesterday with the lobbyists who have been most active in support of foreign aid. Those attending included union legislative directors and representatives of such groups as the United Nations Association and the League of Women Voters. This meeting had two purposes: to thank these groups for their past help; and to plan a foreign aid strategy for the Senate.

We will continue working with all of these groups.



Office of the Attorney General
Washington, D.C.

August 29, 1978

MEMORANDUM FOR THE PRESIDENT

I enclose a memorandum promulgated by
Director William H. Webster to FBI executives
supporting equal employment opportunity.

He is doing a good job in his affirmative
action program.

Respectfully,

A handwritten signature in cursive script, reading "Griffin B. Bell", is written over the typed name.

Griffin B. Bell

Enclosure



UNITED STATES DEPARTMENT OF JUSTICE

2-78

FEDERAL BUREAU OF INVESTIGATION

WASHINGTON, D.C. 20535

August 18, 1978

MEMORANDUM TO ALL EMPLOYEES

RE: EQUAL EMPLOYMENT OPPORTUNITY

Enclosed is a memorandum to the Heads of Executive Departments and Agencies signed by President Carter on July 20, 1978, indicating his strong commitment to equal opportunity and affirmative action. He further states that, in the aftermath of the Bakke decision, we should continue to develop, implement and enforce vigorously affirmative action programs.

As you are aware, I have pledged myself to a determined and sustained effort in support of the principles of equal opportunity and affirmative action within the FBI. I have been taking a number of steps to correct the underrepresentation of minorities and females in our Special Agent position, and I am committed to eliminating any internal policy, practice or procedure which denies equality of opportunity to employees on the basis of any discriminatory factor. In this connection, I expect every member of my management team, both Supervisory Special Agent and support personnel, to meet this challenge in a positive and constructive spirit, and to carry forward these efforts within his or her assigned area of responsibility. In addition, it is the duty of every employee to create a job environment which is conducive to our nondiscrimination policies. In this regard, I need the cooperation of all employees to insure the success of our equal opportunity program and I am sure I will receive your enthusiastic support.

William H. Webster
Director

Enclosure

THE WHITE HOUSE
WASHINGTON

8/17/78

TO. Mike Hartman

For Your Information: _____

For Appropriate Handling: _____

~~Path~~
get copy
file

[Handwritten signature]

[Handwritten signature]

Robert D. Linder



UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

CHAIRMAN

August 16, 1978

Rf
MEMORANDUM FOR THE PRESIDENT

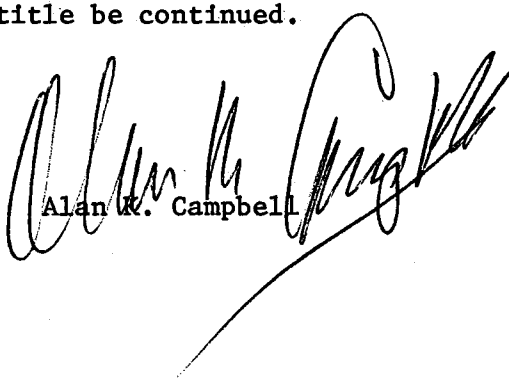
Subject: Combined Federal Campaign

Following last fall's Combined Federal Campaign, Secretary Blumenthal, who had served as Chairman of the Metropolitan Washington Area drive, sent a suggestion to you regarding a possible name change for the CFC program so that its purpose would be more apparent. He suggested that the CFC be renamed the Federal United Way.

In my memorandum to you of December 2, 1977, I pointed out that the Combined Federal Campaign includes the National Health Agencies, the International Service Agencies, and the American Red Cross, as well as the United Way, and that the other groups would find the United Way designation unacceptable. I also expressed my belief that, in order to conform with the letter and spirit of Executive Order 10927, consideration of a new name should be undertaken in consultation with the principal participating charitable groups.

As proposed in my December 2 memorandum, we have consulted with representatives of the four charitable groups which participate in the Combined Federal Campaign concerning the possibility of developing a new and more descriptive name for their on-the-job solicitation effort. The representatives were unanimous in their opinion that the present title adequately describes the program and should be retained. They felt strongly that with the history of a very successful 14-year period, the present name and logo are well recognized by the Federal community and that to change the name at this point could be confusing to employees and counter-productive.

In view of the reactions from the participating groups, I recommend that the present Combined Federal Campaign title be continued.


Alan K. Campbell

THE WHITE HOUSE
WASHINGTON

August 31, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Phil Wise
Fran Voorde

MEETING WITH SEN. BYRD

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
LAST DAY FOR ACTION

ACTION

FYI

ADMIN CONFIDENTIAL
CONFIDENTIAL
SECRET
EYES ONLY

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARAGON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FALLOWS

FIRST LADY

GAMMILL

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE

THE WHITE HOUSE
WASHINGTON

August 31, 1978

ok
J

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

F.M.

SUBJECT:

REQUEST TO MEET WITH SEN. BYRD

Senator Robert Byrd arrives at Washington National Airport at 8:03 p.m. this evening. He goes back out very early tomorrow morning. If you agree, I would like for him to drop by and chat with you for 30-40 minutes tonight. I think this is the only opportunity for a beneficial meeting with Senator Byrd before we plunge into the other activities on the gas conference report.

Senator Byrd could probably be at the White House by 8:20 p.m.

**UNITED STATES
CIVIL SERVICE COMMISSION
WASHINGTON DC 20415**

**OFFICIAL BUSINESS
Penalty for Private Use \$300**

**THE PRESIDENT
WHITE HOUSE**

**POSTAGE AND FEES PAID
US CIVIL SERVICE COMMISSION**



THE WHITE HOUSE

WASHINGTON

August 30, 1978

MEMORANDUM TO PRESIDENT CARTER

FROM:

ANNE WEXLER *AW*
STU EIZENSTAT *Stu*

SUBJECT:

Meeting on Natural Gas Bill with Major
Users of Natural Gas, Thursday, August 31,
4:15-4:30 p.m., East Room

I. PURPOSE

To explain the Administration's position on the natural gas bill to a diverse group of major natural gas users and thereby to ameliorate user-related pressures on key Senators.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background:

1. Approximately 75-100 executives of firms that use substantial amounts of natural gas will be attending the briefing along with a few Congressional staff members, trade association representatives, and others. They were invited from lists supplied by one or both Senators from the following states: Alabama, Arizona, Arkansas, California, Illinois, Massachusetts, North Dakota, Pennsylvania, Rhode Island, and Vermont. The Senators were asked to suggest persons or firms that had contacted them on the bill (in support of or in opposition to the Administration's position) or that otherwise would be interested in the natural gas issue. In addition, several business leaders recommended by others will also attend.
2. Prior to your arrival, the group will have been briefed by Jim Schlesinger and Bob Strauss, who will be answering questions when you arrive (see attached agenda). If possible, we would like to phone your office around 4:15 in order to time your arrival with flow of the questioning. We will coordinate this with Phil prior to the meeting.

B. Participants:

A partial list of expected attendees is attached.

C. Press Plan:

White House Photo and Press Pool.

In addition, about 15 press representatives will attend the entire briefing, including the balance of your remarks after the White House Pool leaves. They will be seated in the back of the room. They represent newspapers in some of the home cities of the participants.

III. TALKING POINTS

To be submitted separately

BRIEFING ON THE NATURAL GAS BILL

Thursday, August 31, 1978

The East Room

AGENDA

3:30 p.m.	Welcome	Stuart L. Eizenstat Assistant to the President for Domestic Affairs and Policy
3:35 p.m.	The Natural Gas Issue: The International Context and the Inflation Factor	Ambassador Robert S. Strauss Special Representative of the President for Trade Negotiations & Special Counselor on Inflation
3:40 p.m.	The Administration's Energy Policy and the Natural Gas Bill	Dr. James R. Schlesinger Secretary of Energy
3:50 p.m.	Question-and-Answer Period	
4:15 p.m.	Remarks	The President
4:30 p.m.	Concluding Remarks	Stuart L. Eizenstat

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BRIEFING ON NATURAL GAS BILL -- 8/31/78 -- EXPECTED ATTENDEES.

Charles Arnsbarger
Vice President - Administrative Division,
Anchor-Hocking Company
109 North Broad Street
Lancaster, OH 43130
614 687-2212

E. M. Bakwin
Chairman of the Board, Darling & Company
4650 South Racine Avenue
Chicago, IL 60609
312 927-3000

Nancy Barrow
Senator Chaffee's Staff

Arnold Berner
Executive Vice President, Arkansas Farm Bureau Federation
Post Office Box 31
Little Rock, AR 72203
501 224-4400

Wilfred F. Carle
President & CEO, Riceland Foods
Box 927
Stuttgart, AR 72160
501 673-5548

Frederick N. Cook
Executive Director, Vermont Petroleum Association
4 Grandview Terrace
Montpelier, VT
802 223-3496

Richard Cook
Vice President, Lockheed Corporation
900 17th Street, N.W.
Washington, D.C. 20006
202 370-3879

Thomas Coulter
Executive Director, Chicago Association of Commerce
& Industry
130 South Michigan Avenue
Chicago, IL 60603
312 786-0111

Francis H. Curran
President, Pease & Curran
75 Pennsylvania Avenue
Warwick, RI 02888
401 739-6350

William H. Darden
Vice President - Government Affairs, Reynolds Metals
Suite 500
1620 I Street, N.W.
Washington, D.C. 20006
202 833-3760

William Dart
Illinois Manufacturing Association
524 South Second Street
Springfield, IL 62701
217 522-1240

Dick Dickson
VP - Personnel, The Russell Corporation
Alexander City, AL 35010
205 234-4251

Martin Dillon
President, Northwestern Steel & Wire Company
121 Wallace Street
Sterling, IL 61081
815 625-2500

Daniel Fairchild
Chief Technical Officer, Fram Corporation
55 Pawtucket Avenue
East Providence, RI 02916
401 434-7000

Harry Feltenstein
President, Central Illinois Light Company
300 Liberty Street
Peoria, IL 61602
309 672-5431

Raymond Fittro
District Manager, J.C. Penney's
1679 Washington Road
Pittsburgh, PA 15228
412 343-4255

Robert Foust
Senator Pell's Staff

Conrad Fowler
Director of Public Affairs, Gov't Relations, Westpoint
Pepperell Manufacturing Company
Westpoint, GA 31883
205 756-7111 x3141

Fred Frawley
Arkansas-Missouri Power Company
405 West Park Street
Blydeville, AR 72315
501 762-3530

Gordon D. Friday
VP - Purchasing & Transportation, R.R. Donnelley & Sons Company
2223 South King Drive
Chicago, IL 60616
312 326-8027

R. E. Gadsby
President & CEO, Katalco Chemical
2901 Butterfield Road
Oak Brook, IL 60521
312 887-7500

Ralph Gaffney
Director of Energy Requirements/Deputy to the President
Cranston Print Works
1380 Cranston Street
Cranston, RI
401 943-4800

Julian Gaissert
President
Vermont Gas Systems
Post Office Box 467
Burlington, VT 05401
802 863-4511

Anthony Guariello
President, Pallisades Industries
The Homestead
Peacedale, RI 02883
401 789-0295

E. C. Gwaltney
President, The Russell Corporation
Alexander City, AL 35010
205 234-4251

Tony Halloran
President, Mississippi Valley Gas
Jackson, MS
601 354-2511

Maurey Halsey
Vice President, Northern Illinois Gas
Suite 202
1627 K Street, N.W.
Washington, D.C. 20006
202 659-9224

Karen Kent
Executive Director, Vermont Retail Association
92 State Street
Montpelier, VT
802 223-3245

Harold Ketelsen
Plant Manager/McCook Plant, Reynolds Metal
First Avenue & 47th Street
Brookfield, IL 60513
312 485-9000

Kenneth Kirk
Vice Chairman of the Board/COO, AMTROL
1400 Division Road
West Warwick, RI 02893
401 884-6300

Phil Know
Vice President - Governmental Affairs, Sears, Roebuck & Company
Room 802
1211 Connecticut Avenue, N.W.
Washington, D.C. 20036
202 223-5841

Richard Krolik
Staff Director, House Ad Hoc Energy Committee

Joseph Lemieux
Vice President & General Manager, Owens-Illinois
405 Madison Avenue
Toledo, OH 43666
419 247-0991

Jonathan Lindgren
Mayor of Fargo
2001 North Seventh Street
Fargo, ND
701 235-4269

C. F. Logan
Vice President, Central Illinois Public Service
607 East Adams
Springfield, IL 62701
217 523-3600

Donald Lutkin
President, Mississippi Power & Light
Post Office Box 1640
Jackson, MS 39205
601 969-2311

J. D. McCallum
President, Darling & Company
46505 South Racine Avenue
Chicago, IL 312 927-3000

Joseph Meder
Director - Govt. Services, Interlake, Inc.
Suite 1160
1050 17th Street, N.W.
Washington, D.C. 20036

J. F. Morrill
President, Wisconsin Steel Division of Envirodyne
2800 East 106th Street
Chicago, IL 60617
312 933-7000

W. E. Mullestein
Lukens Steel Corporation
Coatesville, PA
215 383-2000

Dr. John Mulvaney
President, American Hoechst Company
129 Quidnick Street
Coventry, RI 02818
401 823-2000

Michael A. Murphy
Reynolds Metals
16017 Aqua Fria Drive
Sun City, AZ
602 272-3232 x218

Alan M. Nedry
Manager - Washington Office - Counsel, Southern California
Edison
Suite 1041
1801 K Street, N.W.
Washington, D.C. 20006
202 298-7050

William Nicholson
Corp. Energy Coordinator, Potlatch Corporation
Box 3591
San Francisco, CA 94119
415 981-5980

Walter Oppenheim
President, A. M. Schaller, Inc.
9 Industrial Road
Cranston, RI 02920
401 943-2810

Greg Saunders
Sr. VP - Public Affairs, Intex, Inc.
Houston, TX
713 659-5111

Richard A. Schafer
General Manager, Sears, Roebuck & Company
1949 East Camelback Road
Phoenix, AZ
602 263-4111

Frederick Scott
Vice President
People's Gas Company
1120 Connecticut Avenue, N.W.
Washington, D.C. 20036
202 331-8232

Barry Shaw
President, Engineered Yarns
Coventry, RI
401 821-1400

Hal C. Silver
Chairman of the Board & CEO
Kaufmans Department Stores
40 Fifth Avenue
Pittsburgh, PA 15219
412 232-2427

John Simas
Plant Manager, CIBA-GEIGY
302 Norwood Avenue
Cranston, RI 02905
401 941-3000

Barbara Steigler
Senator Hodges' Staff

Harvey Talackson
State Legislator, Red River Valley Potato Growers Association
Box 288
Grafton, ND
701 352-0871

Roy L. Thompson
Plant Manager, Agreco Chemical Company
Post Office Box 1049
Blytheville, AR
501 763-0800

Gene Triggs
Mississippi Chemical Corporation
Post Office Box 388
Yazoo City, MS
601 746-4131

Robert Uhl
Director of Engineering, Westpoint Pepperell Company
Westpoint, GA 31833
205 756-7111

John Vance
Washington Counsel, Pacific Gas & Electric
1050 17th Street, N.W.
Washington, D.C. 20036
202 296-8656

Jerry Vaughn
Assistant to the Vice Chairman, Union Camp Corporation
Suite 1800
1800 K Street, N.W.
Washington, D.C.
202 785-0320

Burgess Winter
Deputy General Manager, Inspiration Consolidated
Inspiration, AZ 85539
602 473-2411 x201

Tom Zaucha
A & P
Suite 645
1800 M Street, N.W.
Washington, D.C. 20036
202 223-3424

4:15 PM

GAS USERS' MEETING

TALKING POINTS FOR THE PRESIDENT

1. I want to thank all of you for coming to the White House today to let Stu Eizenstat, Bob Strauss, Jim Schlesinger and myself talk to you about the natural gas bill now in the Congress. We are convinced that the passage of this bill is critical to our national interest.
2. I returned early from my vacation in order to work on passing the natural gas bill. This morning I met with governors from throughout the country to review the gas bill and to let them know of the importance of its passage this year. After the meeting, Governor Carroll of Kentucky, the new President of the National Governors Association, held a press conference at which he indicated that the governors believe Congress must act this year on energy legislation, including natural gas.
3. I think Governor Carroll's statement reflects a growing recognition in the country that the compromise gas bill is the only way we have available to correct the deficiencies in the current natural gas pricing system and that failure to pass the bill this year will lead to a continuation of the archaic and outmoded regulation of natural gas pricing.
4. Governor Carroll's decision -- and the decision of so many other governors this morning -- to support our efforts to enact the natural gas bill will help us enormously. Those governors are obviously leaders in their own states and have wide influence in affecting public views and educating our citizens. You are also leaders in your own communities and States, with tremendous influence on the views of others. We would like your support as well.
5. As Jim Schlesinger and Bob Strauss indicated, we are not seeking your support because we believe the gas bill contains everything that you want. I am sure that it does not. As you all know, it certainly does not contain everything that I originally proposed. But the gas bill represents a compromise, arrived at after six long and difficult months of negotiations among the conferees, which is fair, balanced, workable, and clearly in the national interest.

6. Perhaps of greatest concern to you is what the bill will do to expand supplies. The compromise bill will increase supplies of natural gas at reasonable prices while providing needed incentives for our nation's natural gas producers. Supplies will be available for industrial users below prices of alternate fuels.
 - Under the bill's incremental pricing provisions, the supply of gas throughout the nation will increase for residential and industrial users at prices well below the cost of any other substitute fuels.
 - In almost every region of the country, the industrial gas price in 1985 will still be well below the price of fuel oil -- assuming world oil prices stay constant -- and substantially below the price of electricity.
 - Significantly, the price of natural gas to industrial users, including the incremental pricing provision in the compromise, will be lower under this bill than the price would be under the Senate-passed Pearson-Bentsen deregulation bill.
 - There will also be expanding use of gas in industry, particularly the special process uses for which gas is best suited.
 - Under this bill, there will once again be enough gas at economical prices to resume home hook-ups.
7. The natural gas bill has effects which reach beyond the natural gas market. If we fail to adopt the natural gas report, and thereby to ensure a sound energy program, the domestic and international effects would be very harmful to the nation:
 - we would continue to import oil at an enormous rate, now approaching \$42 billion a year;
 - the trade deficit would likely continue at its record rate;
 - the dollar -- which has declined 34% against the Swiss franc and 31% against the Japanese yen since I introduced my energy bill -- would almost certainly continue to come under attack;

- the substantial trade deficit and the declining dollar will continue to spur the inflation rate.
8. The world is clearly watching to see whether we will meet this challenge to our national will. I am convinced that we can meet the challenge if we are willing to act in the national interest and to rise above regional concerns and short-term political considerations.
 9. Let me close by saying that your help in this national effort is essential. You can help us inform the American people about the facts of the natural gas compromise and the importance of getting a sound energy bill this year. We asked you to come to the White House today because we believe that it is important you hear directly about the content and importance of the natural gas bill. We hope that, as a result of today's meeting, you will feel the natural gas bill -- while not perfect in your eyes -- deserves your support as a matter of national urgency. I am confident that you will make the right decision in determining whether to support our efforts to get a national energy policy enacted this year or not.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

August 30, 1978

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*

Subject: Leading Economic Indicators in July

The Commerce Department will release the July index of leading economic indicators tomorrow (Thursday, August 31) at 10:30 A. M. We do not regard this index as a very useful indicator of economic trends. But since it is widely quoted in the press, you should know about it.

The index declined 0.7 percent in July following a (revised) increase of 0.5 percent in June. The July drop is fairly large, but it mainly reflects two developments of limited meaning:

- o Residential building permits fell sharply in July after a large rise in June triggered by the passage of legislation in California relating to energy requirements for new houses.
- o A large decline occurred in July in the number of companies reporting delays in deliveries on orders. The coverage of reporting companies (200 in and around Chicago only) is so small and narrowly based geographically, however, as to be of questionable significance.

This report does not, therefore, imply a serious economic weakness. It is consistent with our notion that economic growth is slowing in the third quarter.

THE WHITE HOUSE
WASHINGTON

August 31, 1978

Tim Kraft
Jim Gammill

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling. Tim -
please notify Sec. Califano.

Rick Hutcheson

DIRECTOR, OFFICE OF BILINGUAL
EDUCATION

FOR STAFFING
 FOR INFORMATION
 FROM PRESIDENT'S OUTBOX
 LOG IN/TO PRESIDENT TODAY
 IMMEDIATE TURNAROUND
 NO DEADLINE
 LAST DAY FOR ACTION

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VICE PRESIDENT
 JORDAN
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 KRAFT
 LIPSHUTZ
 MOORE
 POWELL
 RAFSHOON
 WATSON
 WEXLER
 BRZEZINSKI
 MCINTYRE
 SCHULTZE

ADAMS
 ANDRUS
 BELL
 BERGLAND
 BLUMENTHAL
 BROWN
 CALIFANO
 HARRIS
 KREPS
 MARSHALL
 SCHLESINGER
 STRAUSS
 VANCE

ARAGON
 BUTLER
 H. CARTER
 CLOUGH
 CRUIKSHANK
 FALLOWS
 FIRST LADY
 GAMMILL
 HARDEN
 HUTCHESON
 LINDER
 MARTIN
 MOE
 PETERSON
 PETTIGREW
 PRESS
 SANDERS
 VOORDE
 WARREN
 WISE

THE WHITE HOUSE
WASHINGTON

Mr. President:

Tim Kraft and Jim Gammill
concur.

Rick/Bill



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

AUG 17 1978

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J

MEMORANDUM FOR THE PRESIDENT

Subject to your concurrence, I have decided to appoint Dr. Josue M. Gonzalez to the position of Director, Office of Bilingual Education, in the Office of Education.

Dr. Gonzalez is currently Associate Professor of Education and Director of Bilingual Chicano Studies at Southern Methodist University, Dallas. He has taught at the University of Massachusetts, at Chicago State University, and in Texas high schools. He also gained governmental experience in 1970-71, when he worked for then Senator Mondale's Select Committee on Equal Educational Opportunity. In 1971-73, he was director of a curriculum development project which had offices in New York, Milwaukee, San Antonio, and San Diego. Dr. Gonzalez, who is thirty-seven years old, earned his doctorate in education from the University of Massachusetts, Amherst. His resume is attached.

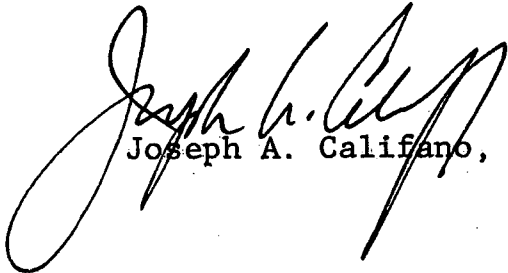
I appointed a special committee, chaired by Commissioner of Education Ernest Boyer, to conduct the search and make recommendations to me. The committee considered more than twenty candidates, and interviewed five: Hernan LaFontaine from New York, Roberto Cruz from California, Jesse Soriano from Michigan, and Rosa Castro Feinberg from Florida.

Dr. Gonzalez has the best combination of skills and experience for the position. He is nationally known for his work in the field, and can serve as a resource on the social and civil rights issues which inform bilingual education. He understands the theory, the legislative mandate, and the practical aspects of the program.

The President
Page two

Our consultations with Congress have produced no strong objections to Dr. Gonzalez, although a number of members prefer other candidates. Congressman Roybal has emphasized his strong support for Roberto Cruz, who has also been endorsed by Senator Cranston. Congressman William Ford prefers Jesse Soriano. Congressman Garcia and Resident Commissioner Corrada support Hernan LaFontaine. Dr. Gonzalez has support from Senator Bentsen, and is regarded highly by the Vice President.

After reviewing the qualifications of the several finalists and interviewing Dr. Gonzalez, I believe that he is best prepared to lead the Office of Bilingual Education during this critical stage of its development.



Joseph A. Califano, Jr.

WASHINGTON

DATE: 18 AUG 78

FOR ACTION: TIM KRAFT *nc*JIM GAMMILL *Conan*

INFO ONLY: RICK HERNANDEZ

JOE ARAGON

SUBJECT: CALIFANO MEMO RE: APPOINTMENT OF DR. JOSUE M.
GONZALEZ - DIRECTOR, OFFICE OF BILINGUAL EDUCATION -
OFFICE OF EDUCATION.

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM TUESDAY 22 AUG 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

WASHINGTON

DATE: 18 AUG 78

FOR ACTION: TIM KRAFT

JIM GAMMILL

INFO ONLY: RICK HERNANDEZ

JOE ARAGON

SUBJECT: CALIFANO MEMO RE: APPOINTMENT OF DR. JOSUE M.
GONZALEZ - DIRECTOR, OFFICE OF BILINGUAL EDUCATION -
OFFICE OF EDUCATION.

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM TUESDAY 22 AUG 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: (X) I CONCUR. () NO COMMENT. () HOLD. *LG*

PLEASE NOTE OTHER COMMENTS BELOW:

*Thank you for
your helpful
info by
Bill*

WASHINGTON

DATE: 18 AUG 78

FOR ACTION: TIM KRAFT

JIM GAMMILL

INFO ONLY: RICK HERNANDEZ

JOE ARAGON

SUBJECT: CALIFANO MEMO RE: APPOINTMENT OF DR. JOSUE M.
GONZALEZ - DIRECTOR, OFFICE OF BILINGUAL EDUCATION -
OFFICE OF EDUCATION.

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM TUESDAY 22 AUG 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. (☒) NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

August 31, 1978

Bob Lipshutz
Jack Watson

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

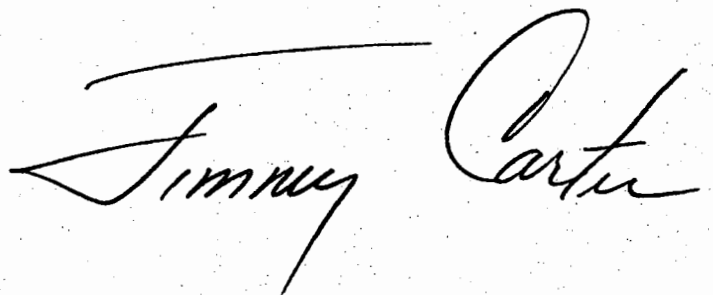
Rick Hutcheson

cc: Bob Linder

4473

ORDER

Pursuant to the provisions of Executive Order No. 12075 of August 16, 1978, I hereby designate Jack E. Watson, Jr., Secretary of the Cabinet and Assistant to the President of the United States of America for Intergovernmental Affairs, as Chairperson of the Interagency Coordinating Council.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned in the lower right quadrant of the page.

THE WHITE HOUSE,

THE WHITE HOUSE

WASHINGTON

INTERAGENCY COORDINATING COUNCIL FACT SHEET

As part of the Carter Administration's commitment to make more effective use of existing urban programs, the President created the Interagency Coordinating Council (IACC) on March 27, 1978. The Council is a unique vehicle for coordinating day-to-day operations of urban programs across agency lines.

It brings together high-level agency officials with direct program operating responsibilities to discuss needed improvements, examine specific local development plans, and resolve interagency conflicts as these arise. Because it is chaired by an assistant to the President, Jack Watson, the IACC functions as a direct arm of the President and raises coordination to a high level of priority.

After the Council was announced this Spring, the fifteen IACC members met with the President and Jack Watson to begin work. An eight-member executive committee was selected. This smaller group meets regularly with Jack Watson and draws in the other agencies as issues arise that affect them.

The core group consists of Barbara Blum (EPA), Mortimer Downey (DOT), Robert Embry (HUD), Ernest Green (DOL), Robert Hall (EDA), Alex Mercure (USDA), Lawrence Simons (HUD), and a representative from HEW. The broader membership includes representatives from the Community Services Administration, Treasury Department, Small Business Administration, Justice Department, Interior, General Services Administration, ACTION, and the Energy Department.

The Council has three main functions:

- To promote coordination among agencies as needed to carry out immediate program operations. If, in pursuing these short-run coordination projects, the IACC discovers long-range management improvements, these suggestions and proposals are referred to the Office of Management and Budget which has primary responsibility for such reforms.
- To provide a coordinated multi-agency response to specific development strategies submitted by State and/or local governments. When a State/local government develops an innovative project that is multi-purpose or too large for a single agency's assistance, the IACC serves as a mechanism for bringing agencies together to consider the strategy in a decision-making forum.
- To resolve conflicts in program operations. When one agency plans a project that tends to cancel the benefits of another agency's program or when a federal project would have a serious negative impact on a locality, these conflicts can be brought to the IACC for discussion and resolution.

In its activities to date, the Council has facilitated several interagency coordination projects. It has initiated a process for exchanging information among agencies on major investments planned in different cities, and has set up staff-level working groups to handle particular issues.

Some examples of the IACC's activities are:

- Brought to a final resolution the negotiations between EPA and DOT to establish joint guidelines for transportation and air quality planning (announced June 16, 1978);
- Arranged an interagency public housing/crime prevention program involving HUD, LEAA and the Labor Department (announced by President Carter on July 10, 1978);

- Worked with HUD and HEW in developing a demonstration program that will work through the States to assist the deinstitutionalized mentally ill by housing them in a community setting and providing the necessary support services (announced June 15, 1978);
- Served as the principal forum for information exchange and day-to-day agency coordination on potential program impacts of Proposition 13 in California;
- Assisted in arranging an interagency initiative that will provide technical assistance to help non-attainment cities meet air quality standards without slowing economic growth;
- Working with agencies to institute a consistent set of population projections in federal programs in order to combat urban sprawl;
- Promoting links between federal development programs and Private Industrial Councils (PICs), which are business organizations intended to help carry out the President's new private sector employment initiative;
- Developing a pilot project that will incorporate urban impact review into the A-95 local planning process in selected areas;
- Working with HEW to develop a strategy for retaining viable hospitals in inner-city areas;
- Overseeing the development of a joint application for UDAG and EDA programs;
- Working with HUD, LEAA, and the Interior Department to promote linkages between local housing strategies, crime prevention and parks in the Neighborhood Strategy Area program;
- Will work with HUD in administering the President's proposed State incentive legislation.

August 16, 1978

4472

THE WHITE HOUSE
WASHINGTON

August 31, 1978

Jim McIntyre

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hultcheson

cc: Bob Linder

ACTION

FYI

FOR STAFFING

FOR INFORMATION

FROM PRESIDENT'S OUTBOX

LOG IN/TO PRESIDENT TODAY

IMMEDIATE TURNAROUND

NO DEADLINE

LAST DAY FOR ACTION

ADMIN CONFIDENTIAL

CONFIDENTIAL

SECRET

EYES ONLY

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARAGON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FALLOWS

FIRST LADY

GAMMILL

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

18 AUG 1978

ACTION

MEMORANDUM FOR THE PRESIDENT

From: James T. McIntyre, Jr. *Jim*

Subject: Third Annual Report to Congress on the Privacy
Act of 1974

Attached for your signature is a memorandum transmitting copies of the subject report to the heads of executive departments and agencies. This memorandum is a follow-up to the commitment made in the report to urge the agency heads to make additional efforts to improve the protection of personal privacy through better administration of the Privacy Act.

Privacy, as you know, is an important public concern. A recent Harris poll showed that a majority of Americans believe they are increasingly surrendering their privacy to government and business.

Recommendation: That you sign the attached memorandum. (Memorandum to Heads of Executive Departments and Agencies has been cleared by Jim Fallows.)

Attachment

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

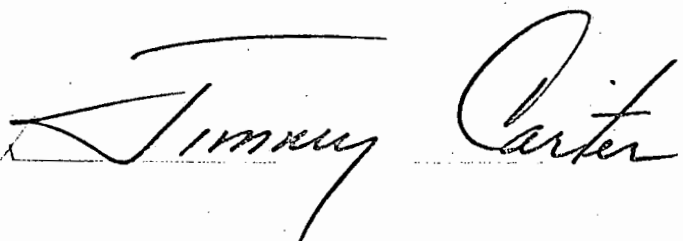
Enclosed for your information is a copy of the Third Annual Report on executive branch administration of the Privacy Act of 1974, which I recently transmitted to the Congress.

The protection of personal privacy is of great concern to the American people, and an important priority of my Administration. I urge you to personally review this report and take steps to further improve your agency's administration of the Privacy Act.

The report indicates that many agencies have made substantial improvements in their implementation of the Act. I urge each of you, however, to initiate additional efforts during the coming year to reduce the amount of personal information collected and maintained by the Federal government, to avoid unwarranted disclosure of this information, and to improve the internal management of personal data systems.

I have asked the Director of the Office of Management and Budget to monitor these efforts and to keep me informed of your progress.

ATTACHMENT

Jimmy Carter

4470

THE WHITE HOUSE
WASHINGTON

August 31, 1978

Jerry Rafshoon

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

CAMP DAVID COVERAGE

FOR STAFFING

FOR INFORMATION

FROM PRESIDENT'S OUTBOX

LOG IN/TO PRESIDENT TODAY

IMMEDIATE TURNAROUND

NO DEADLINE

LAST DAY FOR ACTION

ADMIN CONFIDENTIAL

CONFIDENTIAL

SECRET

EYES ONLY

ACTION
FYI

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

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LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE

THE WHITE HOUSE

WASHINGTON

August 25, 1978

C
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MEMORANDUM FOR THE PRESIDENT

THRU: JODY POWELL
FROM: JERRY RAFSHOON *Jerry*
SUBJECT: CAMP DAVID SUMMIT

Although the actual schedule of meetings and events for the Camp David Summit has not been finalized, I would like to present some thoughts as they relate to the tone and themes of the meeting.

At the risk of sounding like a broken record, the theme that we should project at the meeting is that of CARTER IN CONTROL. In control of the meeting....in control of his staff.....in control of the coverage.

I realize that substantive results will be the determining factor of how you will look, but no matter what happens, we should set the tone in advance and try to follow it as much as possible.

I agree with your wishes to keep the expectations as low as possible and to handle the publicity in a low key manner, but at the same time we must get our story out and not allow Begin and/or Sadat steal the media initiative from you.

We should consider backgrounding sessions next week (probably on the weekend before the Summit) by Secretary Vance in order to knock down some of the false reports that have been going around. There are three scenarios kicking around: 1) Carter did this in order to do something decisive and he does not have any idea of what can be accomplished; 2) Carter has a plan which he will propose that will sweeten the pot for the two countries and it will be accepted; 3) Egypt and Israel are close to an agreement and Carter wants to be in on it.

Cy should be able to do some briefings that will shoot down these theses, present our thinking behind the Summit and present your posture for the meetings. You should caution all your other advisors to avoid any press contact close to the Summit.

Although we do not want to make the Summit a side-show, I would like to recommend that we do a few things to set a tone. These would be in the form of camera coverage of the following schedule:

Tuesday, September 5

Carter departs South Lawn for Camp David early in the day. A statement upon departure.

Begin arrives Camp David before 4:00P and is met at the helicopter pad by you. A pool including TV cameras gets this.

Same thing for Sadat's arrival.

NOTHING ELSE THAT DAY

Wednesday, September 6

There are three camera opportunities that could happen which NSC also recommends.

1) Early morning meeting with you and Begin. Just a shot of your greeting him in front of Aspen Cabin. I understand he starts earlier than Sadat.

2) Later morning meeting with Sadat. Same kind of coverage.

3) Early afternoon: The first meeting of the three of you together. Just an establishing shot outside your cabin. No statements.

Thursday, September 7

Perhaps one meeting with you, Cy, and another advisor and each of the principals with their foreign ministers and an advisor. Just to establish the mood of the meetings.

This would be all the camera coverage until we are ready to say something substantive near or at the end. We can discuss these possibilities later.

What we need early is your approval of this concept. Naturally, we do not have to release our plans until much closer to the start of the Summit. But I think that showing you with the two leaders early, in control and striking a demeanor that prevents people from thinking that you are being manipulated by these two master showmen and manipulators is very important, not only to gain substantive results of the Summit but also for your image of being in control and being the leader of the Summit.

Most important - 95th

Not perfect - fair -

Ability to pass = test
of national will

Infl. - \$ - trade balance

Alaska pipeline - 30% / '85

Vacation - 15th mtg

Need help

Views - report on Conference

meeting with governors
8/31/78...re natural gas